

**Mobil®**

HOME NEWS

Tenants' charter will allow councils to license landlords

By John Young
Planning Reporter

A proposed "wide-ranging tenants' charter" for both the public and private sectors, would be a cornerstone of the Government's forthcoming housing policy review, Mr. Fresson, Minister for Housing and Construction, said yesterday.

In the first official preview of the contents of the long-delayed Green Paper Mr. Fresson said the Government intended to give local authorities powers to license private landlords. Tenants would be given the first right to buy their homes on a cooperative basis when the owner proposed to sell the property "over their heads".

The proposals enumerated by Mr. Fresson reflect his enthusiasm for the expansion of joint-ownership and co-operatives. He talked of equity-sharing schemes between tenants and both private landlords and housing associations, and of encouraging small landlords to form their own co-operatives.

Tenants in both the private and public sectors would have a statutory right to form co-operatives and to make improvements to their homes, with the possibility of being able to recover part of their investments if they later moved. They would also be entitled to buy their homes in designated housing action areas and general improvement areas.

Mr. Fresson was outlining his view of the future at a press conference to mark the publication of a report by the Housing Services Advisory Group on local authority housing agreements. The report calls for a "fundamental change" in the relationship between public-sector landlords and their tenants.

Many agreements are unnecessarily restrictive in that they relate to duties and responsibilities already adequately covered by law or imply a code of conduct that is entirely foreign to the great majority of tenants, the report says. It does not express any view on the obligations of the landlord,

and are couched in frequently

uncomprehensible legal phraseology.

It is the group's "unanimous view" that council tenants should enjoy the same measure of security as private tenants, and it welcomes the Government's commitment to legislate to that effect.

The report also observes that the issue of notices to quit, whenever a council wishes to change the conditions of tenancies, frequently causes distress and should be avoided when there is no intention to evict.

Tenancy conditions adopted by individual local authorities should be revised periodically in consultation with tenants, it says. Detailed conditions designed to regulate the conduct of a small minority of tenants should be avoided; a single clause in the agreement enjoining tenants to behave reasonably is all that is necessary.

Mr. Fresson said he hoped the report would encourage local authorities to take a thorough and critical look at their policies. The aim was not only to remove petty restrictions but also to encourage greater responsibility and initiative on the part of tenants.

There was no intention of allowing councils to evade their responsibilities. But there were many cases where tenants were able and willing to make out and pay for improvements to their homes, and that sort of involvement should be encouraged.

The report was welcomed yesterday by the National Consumer Council, which called it a "welcome and important contribution" by the National Standing Conference of Tenants, which described it as an enlightened step in the right direction. But both groups expressed disappointment that it did not place greater emphasis on councils' duties to do repairs.

However, the Association of District Councils maintained that substantial safeguards already exist for the protection of tenants because of the "democratic accountability" of local authorities.

Customers sought for ride soon into Earth's orbit

By Arthur Reed
Air Correspondent

For a down payment of \$500 (about £290) universities or other similar centres of learning throughout the world will be able to book in the near future a ride into orbit on the United States space shuttle for their scientific experiments.

At the Paris Air Show, which begins at the end of next week, the United States National Aeronautics and Space Administration (Nasa) and Rockwell International, maker of the shuttle orbiter vehicle, which is due to go into space for the first time in two years, will be canvassing customers.

One American university has placed a deposit on an experimental trip into space for some of its scientific equipment. The eventual cost will be about \$10,000.

Nasa is circulating universities and other scientific institutions offering space in the shuttle's 60ft by 15ft cargo bay.

The American space agency is obviously anxious to recoup as much as possible of the multimillion pound development bill for the shuttle project and to reduce the \$10m bill for each launch. One of the main loads the shuttle will carry is the Earth-orbiting manned space laboratory for the European Space Agency.

Five orbiters, each as big as a 100-seat airliner of the DC9 type, are being built by Rockwell.

Work being planned for the shuttle includes the servicing and repair of satellites, the placing into orbit of navigation satellites through which ships and aircraft could pinpoint their position to within 30ft, and the establishment of solar power stations that would beam energy to the Earth.

After the sale of freight space on the shuttle will come tickets for human beings, Mr. B. J. Long, manager of support services to the space division of Rockwell, said in London yesterday.



Tax-cut promise: Sir Geoffrey

Howe, QC, the shadow Chancellor yesterday gave an undertaking to reduce income tax substantially if a Conservative government comes to power. (Peter Godfrey writes.)

Sir Geoffrey told delegates, some of whom are seen above, at the Conservative Women's Annual Conference at Central Hall, Westminster, that a cut in direct taxation was essential for personal and national prosperity, "even if it does mean higher taxes on things

we choose to buy". He saw a policy of "pay as you spend" as preferable to one of "pay as you earn". Sir Geoffrey reiterated some of the Government's financial bogymen which the Conservative women laid to rest by passing a resolution urging tax reform for pensioners, widows and one-parent families. He condemned the earnings rule on pensioners' income as "a great deterrent to work", with a tax rate that sometimes exceeded 100 per cent, and regarded the invest-

ment income surcharge on capital, which he said, often constituted a lifetime savings, as "more like confiscation than taxation". He added that dividend restraint had led to a 14 per cent drop in dividend income to the small investor over 15 years, and should be stopped. Sir Geoffrey said the Conservatives, with their newly acquired emphasis on social science, were also working on a tax credit scheme for one-parent families. Mr. James Prior, spokesman on employment, took up

other familiar grievances expressed by Conservative women on equality of employment and economic restraints suffered by small companies and the self-employed. Mr. Prior acknowledged shortcomings in industrial training and employment opportunities, but urged the women to further their interests through more active participation in trade unions. Commenting on a survey carried out, ironically, by Tory women themselves, which showed that 91 per cent of them never

attended union branch, he said: "If you don't close shop, go to your meeting and stop the unioning it." He added that it needed to regenerate businesses, of which it was 20,000 since 1945, to reverse commercial tendency to "close the shutters and go home."

Mr. Prior thought a single VAT and a rise in the VAT threshold would help small businessmen and the employed.

Asbestos substitutes 'may risk health'

By Neville Hodgkinson
Social Policy Correspondent

Materials made from glass fibre, increasingly used as a substitute for asbestos, should be handled as carefully as asbestos itself and the same protective measures applied to their use, the Government's Advisory Committee on Asbestos has been told.

The warning is based on mounting evidence that it is the physical size and structure of asbestos fibres, rather than their chemical composition, that leads to health hazards. Glass-fibre companies have been advised by researchers not to mill their products into the size range which with asbestos is known to cause mesothelioma, a cancer of the lining of the lung.

But scientists' studies at Chelsea College, London, have shown that the dusts from a number of industrial glass fibres do contain many fragments falling within the dangerous size range. A divergence of opinion between the two main asbestos companies in Britain over the health hazards associated with different types of asbestos emerged in written evidence to the committee.

Turner and Newall, one of the companies, arguing that there is no need for tighter standards of asbestos dust control, draws attention to the company's experience of mesothelioma which is known to be associated with asbestos. There has been particular concern over this invariably fatal disease.

The company says that although the number of cases is not great "it is surely more than a coincidence" that where the type of fibre to which the cases were exposed is known, crocidolite, a blue asbestos fibre, was nearly always involved.

Crocidolite is subject to much more stringent hygiene

standards for those working with it than chrysotile (white asbestos) or amosite (brown asbestos).

Turner and Newall says it thinks that the difference should remain, and that it would be premature to depart from present standards for chrysotile and amosite before the long-term health experience of those exposed only to modern working conditions is known.

A different view is offered by Cape Industries, formerly the Cape Asbestos Company. It is one of the world's principal producers of crocidolite, although little of the material has been imported into Britain since the differential standard was imposed.

Cape argues that the British have an exaggerated view of the dangers of crocidolite because of its extensive past use in asbestos spray to insulate public buildings, flats and ships. Whereas dust produced in the largely wet asbestos industry is easily controlled, the opposite is true of sprayed crocidolite, the company says.

"Had the use of crocidolite in the United Kingdom been very largely confined to the cement and processes, as indeed it was in most other countries, it is questionable whether such discrimination would have arisen."

"As it is, a degree of anxiety has developed about crocidolite which cannot be justified on scientific grounds," the company says. "It is shared by other countries which continue to use the material."

Parts of the written evidence received by the committee will be the subject of questioning during three public hearings it has organised at the Institute of Marine Engineers, 76 Mark Lane, London, EC3, on June 27, 28 and 29.

Selected written evidence submitted to the Advisory Committee on Asbestos 1976-77 (Stationery Office, 25).

Conserving game birds 'in interests of hunters'

By our Parliamentary Staff

The game-bird hunter and the conservationist have the same interests and the hunter is himself a conservationist, Mr. Jim Stuart, assistant secretary of the British Field Sports Society, yesterday told a House of Commons committee studying an EEC draft directive on bird conservation.

In the past estate owners had placed cypress to create a habitat for game birds and had helped to rear them, Mr. Stuart said. In the best practice the hunter was himself a conservationist; nowadays hunters were often members of county conservation trusts.

His society was concerned that the practice of taking game birds and eggs from the wild for stockpiling in the important industry of game farming was not provided for in the EEC directive. It was not possible to sell live game, only dead game, and the directive should be altered to cover that. Estate management made it necessary to crop wildlife. Surplus grouse, for example, had to be taken off or they would die.

Mr. Stuart said that falconry interests should also be provided for in the directive. As his society understood it falconry could be prohibited as a sport if the directive went through as it was.

The British Field Sports Society, the Royal Society for the Protection of Birds and the Wildfowling Association of Great Britain and Ireland, which also gave evidence to the subcommittee of the select committee on EEC legislation, all said they were in agreement in principle, with the directive, Mr. Alistair Gamell, of the RSPB, said it believed that falconry was a legitimate sport and had no wish to see it banned.

Queen welcomed to the Kirk assembly

From Ronald Faux

The Queen and the Duke of Edinburgh attended the opening ceremony of the General Assembly of the Church of Scotland in Edinburgh yesterday. The 1,400 commissioners and a gallery filled with clergy and spectators stood as the Queen preceded by the Lord Lyon King of Arms and his court, entered to a warm welcome by Dr Thomas Torrance, the outgoing moderator.

The Queen's presence, he said, was a supreme honour. The Duke of Edinburgh was a man among men for whom they had deep affection and admiration.

The Queen reaffirmed her pledge to preserve and uphold the rights and privileges of the Church of Scotland. During those years, she said, the country had passed through difficult times. The aftermath of the Second World War and the dramatic and swift changing circumstances that that implied had demanded a lengthy process of readjustment.

As we always remember that along with the difficulties there are great advantages.

'Rough' area of Edinburgh salutes the royal couple

From Penny Symon
Edinburgh

The Queen and the Duke of Edinburgh toured one of Edinburgh's most deprived areas on foot yesterday.

Craigmiller lies on the outskirts of the city. It is interspersed with waste ground and empty homes into which people have refused to move because of the routine removal of the area's council tenements.

In spite of their drab surroundings people there turned out to cheer the royal couple. The Queen received posies from small children and one woman brought her eight-day-old baby to the front of the crowd because she knew the Queen was fond of them.

A few demonstrators waved anti-royalist banners, but children's cheers drowned the chanting.

Ultrasonic system for baby check 'held back'

By John Roper
Health Services Correspondent

Ultrasonic wave monitor of babies in the womb is early as seven to 12 weeks pregnancy, developed in the 1960s and providing last time about possible abnormalities, sex and the crown of the child, is being held back because of a fear, doctors and technicians are to use the equipment and of money to provide the full apparatus in obstetric departments.

Professor Ian Donald, professor of Midwifery at Glasgow University, who developed the system after seeing ultrasound waves used for detecting faults in boilers in a local factory, yesterday said every prep woman could benefit.

Ultrasonic scanning was mechanical aid, similar to apparatus developed for use on surface vessels hunting U-boats and to the best of medical knowledge carried no hazard for mother or baby.

Professor Donald was sitting as a participant in a meeting of the Royal Society for the Crippled Child to tell the story of ultrasonic monitoring. The film shows how, in some cases, they had miscarriages, were carried a potentially disabling disability or wanted to know if they were carrying twins, were exact information about babies.

The royal couple visited a sheltered workshop employing 120 blind and disabled people and the Duke saw occupational therapists at work.

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Languages and sciences stressed in education document

By Diana Geddes
Education Correspondent

The draft of the Government's Green Paper on primary and secondary schools in England and Wales is the outcome of the consultations and regional conferences on education initiated by the Prime Minister in his speech at Rugeley College, Oxford, last October.

It examines the criticisms of the education system, particularly in regard to the quality of education provided and the standards attained by pupils, and attempts to put those criticisms in perspective, and suggests appropriate remedies.

The Government's "great debate" showed that there is widespread anxiety about ways in which schools may be failing society. Some complaints are based on misunderstandings; the document makes clear that accusations of failure are mostly unwarranted and that many successes need to be recognized.

But other complaints are justified. Certain changes and new initiatives are needed. Some measures suggested are relatively simple and could be put into effect quite quickly, Mrs. Williams, Secretary of State for Education and Science, says in an introduction to the consultative document. Others would require sustained action over a long period.

The Green Paper sets out five general aims of the education system, which it believes will be approved by most people:

1. To help children to develop lively, inquiring minds, the ability to question and to argue rationally, and the ability to apply themselves to tasks.
2. To encourage regard for moral values, and to instil self-respect and respect for others, tolerance of other ways of living, and understanding of the world.
3. To help children to use their own language effectively and imaginatively in reading, writing and speech.
4. To ensure that children acquire and use flexible skills necessary if they are to lead satisfying personal lives and to contribute to the community, in particular the national, scientific and technical knowledge vital in the world of work, where processes are both complex and fast-changing.
5. To lead children towards an appreciation of human achieve-

ment and aspiration in the arts and sciences, in the search for a just and better world, and in attaining to understand religious experience.

Most schools would have little difficulty in contributing to those aims, the document suggests. But different schools choose to teach different things and to emphasize different aspects of the curriculum. In some cases the range of subjects is unduly restricted, while in others it is so wide that work is desultory.

In matters of organization and teaching methods, there is room for a wide variety of practices from school to school and within the school day. Neither teachers nor pupils gain from attempts to use techniques that are beyond the abilities of the teachers who operate them. On the other hand, it is argued, teachers should extend the range of methods in which they are competent so that they can meet the needs of individual children.

Some continuity and development of method, however, is necessary between one class and another and between one school and another. That should be easier to effect within one local education authority area, but is also of importance when pupils move from one area to another.

The document examines the extent to which existing curricula can be shown to match those aims, what further developments in curricula planning might be necessary, standards of performance in schools, the available tools of assessment and possible additions to them.

Some schools on the aims of curricula is essential if a degree of continuity is to be achieved. Sharper definition of aims and a better balance between them do not necessarily lead to conformity.

If agreement can be reached on those general requirements, teachers could concentrate their efforts on choosing and operating the most effective means by which they might be achieved.

Few inside or outside the schools would contest the importance of English and mathematics, developed in up-to-date terms to the limit of pupils' skill and understanding. Together with religious education, these subjects must be recognized that both found a place in parts of the curriculum other than those labelled English and mathematics, must surely remain the irreducible minimum for all pupils at least to the age of 16, and possibly beyond.

But it has to be recognized that the larger the common element of the curriculum and the longer it lasts the less time there is for pupils to develop their own particular talents or the skills most appropriate to their future working lives, or indeed to the profitable use of leisure. On the other hand, the better a pupil's curriculum the less attention can be paid to any one element and the greater the chances of fragmentation.

General agreement on the balance and breadth of the curriculum for most pupils might reassure many teachers, as well as pupils, parents and employers, more precise identification of the most important elements for pupils to learn in terms of skills, techniques or knowledge, provided that does not become a straitjacket, might be a useful starting point.

Many difficult judgments will remain to be made about the content and presentation of the various elements inside or outside the common core. It seems clear, for example, that some pupils learn basic skills more willingly and successfully through studies and activities that are practical and obviously relevant to working life.

Others are of an abstract and academic cast of mind and their interests, which are also the interests of many of the country's, must not be neglected. That is not to say, the document states, that academic syllabuses at all levels do not require constant modernization.

Under the terms of the Education Act, 1944, the control of secular instruction in all maintained schools rests with local education authorities and schools' governing bodies. In practice much of the responsibility for deciding the curriculum of each school is left to teachers and head teachers. But the ultimate responsibility rests with the national educational needs rests in England with the Secretary of State for Education and Science and in Wales with the Secretary of State for Wales.

It would not be compatible with the legal duty of the Secretary of State to "promote the education of the people of England and Wales" or with their accountability to Parliament to disclaim responsibility for giving leadership on educational issues which have become a matter of lively public concern.

The Secretary of State are responsible for education policy at national level. It is therefore for

them, in consultation with their partners in the education service, to set any national framework for the curriculum. It is then in turn for the local education authorities to coordinate the curriculum and its development in their own schools.

In the short term, given available resources, there are probably two main priorities: first, the provision of modern languages, the study of at least one of which must be considered a basic requirement in a member-state of the EEC; secondly, the provision of scientific and technological subjects, which many pupils as possible needed to be encouraged to take up to the age of 16.

There might be a case for making science another basic core subject.

Many schools and teachers the foregoing comments on aims and curricula would be commonplace. Many already provide valuable illustrations of good practice in one form or another. Others know what they want to do but lack resources or support.

Some find the resolution of such complex problems confusing. A few succumb to a weight of adverse circumstances. What needs to be done is to improve the support given to them all, to generalize not so much the best practices as the principles underlying them.

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Kidney scheme favoured by 57 pc in survey

By our Health Services Correspondent

A survey of nearly a thousand adults conducted by the Gallup Poll for the British Kidney Patient Association has shown that 57 per cent would agree to the routine removal of a dead person's kidneys for transplant purposes unless that person had signed a legal objection.

Mrs. Elizabeth Ward, chairman of the association, said that under the opt-out system it would be up to the individual to wear a bracelet or carry a card showing that he did not want his kidneys used. She hoped that it would be possible to get a private members Bill before Parliament to give effect to such a system.

The present system of donor cards was not satisfactory, Mrs. Ward added. Some people who were willing that their kidneys should be used could not get cards, or forgot to sign them or to carry them, and doctors were reluctant to approach bereaved relatives for permission.

Dockers vote not to 'black' QE2

From Trevor Fishlock
Caernarfon

Fort Belan, near Caernarfon, a stout, cannon-bisling, relic 200 years old, from the time of the French threat, and a reminder of some of the splendid eccentricities of the nobility, was given to the public with a flourish of gunfire today.

Providing a more humane way of handling offenders

By a Staff Reporter

The first objective of the probation service should be to provide a more flexible and humane way of dealing with offenders than is offered by the harsher alternative of custody, Mr. Rees, Home Secretary, said yesterday.

He added: "The protection of the public must always be the paramount consideration, and in some cases it may not be possible for a probation officer to do much more than supervise an offender so as to ensure that the public are not placed in any danger."

Mr. Rees, who was addressing the annual meeting of the Central Council of Probation and After-Care Committees, said the probation service had responded significantly to the demands that the introduction of com-

Welsh fort opens to public with roar of gunfire

From Trevor Fishlock
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Fort Belan, near Caernarfon, a stout, cannon-bisling, relic 200 years old, from the time of the French threat, and a reminder of some of the splendid eccentricities of the nobility, was given to the public with a flourish of gunfire today.

Mr. Robert Wynne, its owner and principal inhabitant, only son of the landowner, Lord Newborough, joins the league of turnstile nobles who keep the public's gaze money to keep their homes in decent order. Some including, rugmen and mooring gangs, have agreed

to be the Duke's new occasional and community facilities. The centre was named in honour of a former Lord Provost of Edinburgh, who represented the area for 38 years and was presented to the Queen yesterday.

Programme demands: Another 450,000 copies of the official souvenir programme of the Queen's silver jubilee are being printed in response to demand. The first 450,000 copies have been allocated to shops or voluntary organizations.

The Attorney General decided not to prosecute Joseph Spiritus, aged 40, West Hampstead, London, was committed for trial for the murder of his wife. Mr. Justice Lawson was by counsel at the Crown Court yesterday. Mr. Spiritus was in ill health and the Attorney General, after considering the reports, had issued an order for his release. The proceedings will trial.

HOME NEWS

Mr Murray accuses some judges of confusing trade unions with criminal conspiracies

By Peter Evans
Labour Correspondent

Mr Murray, general secretary of the TUC, yesterday accused some judges of confusing trade unions with criminal conspiracies. He said that the House of Lords' decision in the case of *Secretary of State for the Home Department v. Brindley* was a "disgrace" and that the judges had "confused the issue of industrial relations with the issue of criminal law".

General Brindley is appealing to the House of Lords against a Court of Appeal ruling of January 28 that a private citizen can seek an interim injunction to prevent the commission of a criminal offence, even though the Attorney General has refused to give his consent to such an action. Mr Murray told prison officers that the decision was "a disgrace" and that the judges had "confused the issue of industrial relations with the issue of criminal law".

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New Secrets Act charges against journalists

When two journalists and a former army corporal appeared on remand at Tottenham Magistrates' Court, London, yesterday on charges under the Official Secrets Act, Mr Michael Coombe, for the prosecution, said the charges would not be proceeded with as more serious ones had been preferred.

Duncan Campbell, aged 24, a Glasgow-born freelance journalist, of Franklin Road, Brighouse, is now charged with obtaining information from Mr Berry in contravention of section 1 of the Official Secrets Act, 1911.

Mr Berry, aged 33, a former corporal, now a van driver, of Alexandra Park Road, Wood Green, London, is now charged with communicating to Mr Campbell and John Nicholas Crispin, a Sunday newspaper reporter on Time Out, of De Beauvoir Road, Hackney, London, information that might be useful to an enemy, and communicating information to them while he held office under her Majesty.

Mr Berry was allowed bail of £5,100 on condition that he reports daily to the police, surrenders his passport and does not divulge the information of the charges to anyone other than his counsel and the police.

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Rome-Benghazi depart 17:15 Rome-London depart 10:50
arrive 20:15 arrive 13:05

(Arr/Dep. Rome one hour later after May 21 until September 25, 1977)

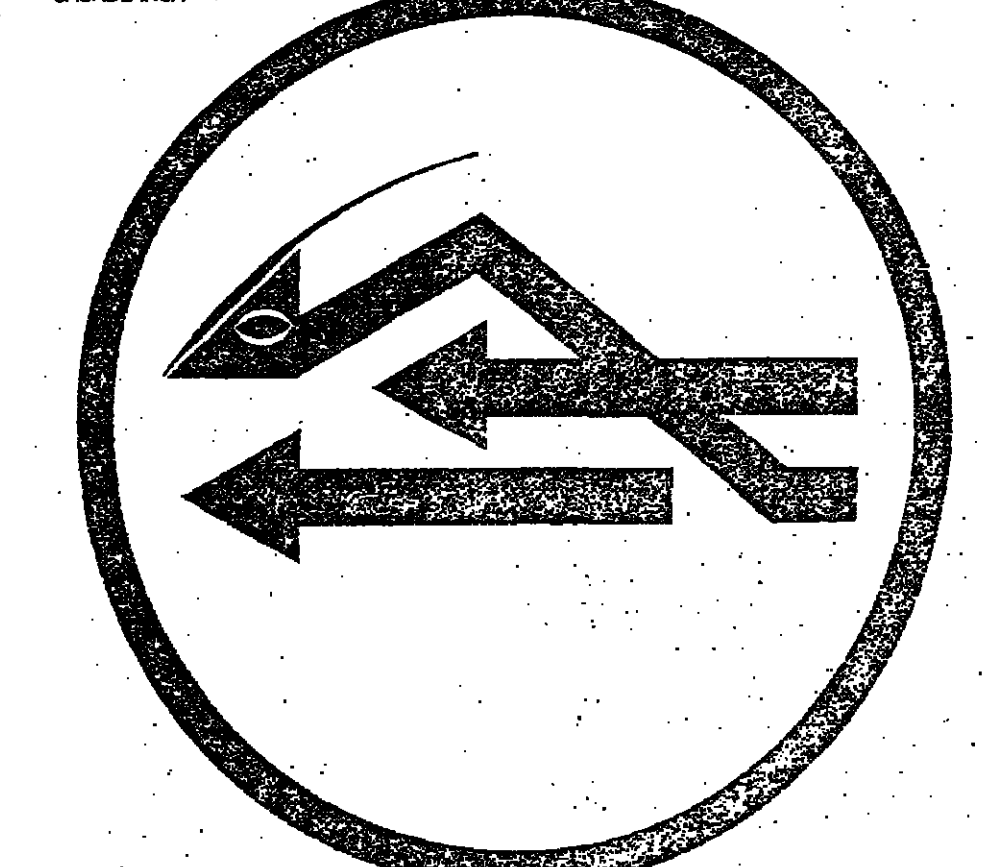
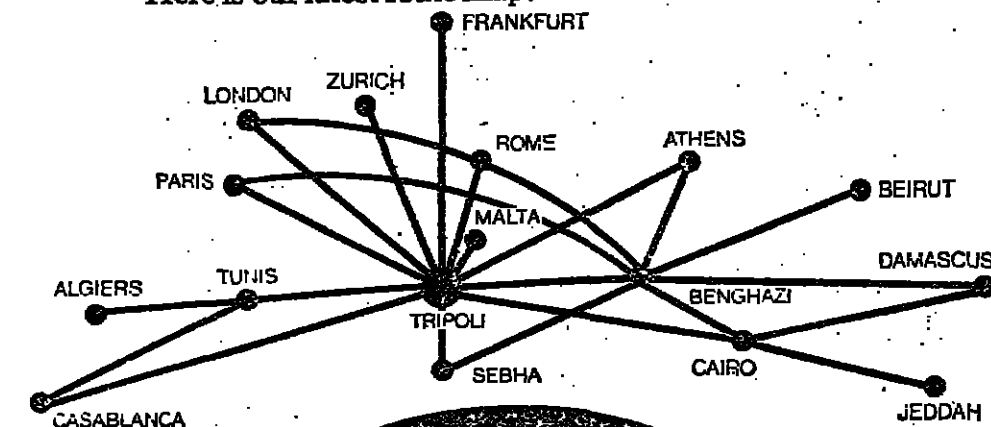
This is all part of a continuous programme of development which has trebled the size of the airline in three years. The fastest, easiest, most relaxing way to fly to or from Libya is by Libyan Arab Airlines.

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*PEOPLE'S SOCIALIST LIBYAN ARAB JAMAHIRIYA

Young jobless a danger, MPs say

By Tim Jones
Labour Reporter

Young unemployed people who gain their first experience of remunerative work through the Government's job creation programme should have the opportunity to extend their experience. That is one of the main recommendations of a Commons Expenditure Committee report on the scheme.

Behind the recommendation is the admission that large-scale unemployment is now a fact of life and that young people, particularly those of the "baby boom" generation, are facing long periods of unemployment without work.

The report says that there are dangerous social consequences as well as important economic ones, from young people having to cope with long periods of unemployment. One of the dangers is that they are not being trained in a way that will enable them to find work when they do.

Unemployment among young people, the committee says, could vary between 200,000 and 350,000 for 1977-78 according to the number of school-leavers and that would influence the size and cost of a comprehensive and more long-term programme.

Doctors blocking pay-bed withdrawal, union says

From Christopher Thomas
Labour Correspondent

Medical professionals have been accused yesterday of blocking the withdrawal of private beds from National Health Service hospitals.

The BMA and the Hospital Consultants' and Specialists' Association said last night that Lord Wigoder, chairman of the board, had given an assurance of proper consultation on the phasing out of private beds.

The association said it is not that we are fighting the Health Service. We are saying the Act must be correctly interpreted and there is a case to be made that it is not.

British drink more beer but eat fewer breakfasts

By Hugh Clayton

British people are drinking more beer and eating fewer breakfasts, according to reports published yesterday.

Kellogg Company of Great Britain said in a survey of 6,000 homes that 17 per cent of the population, including 500,000 children, had no breakfast in 1956 half the population had a cooked breakfast; last year the proportion had dropped to a fifth.

The total consumption of alcohol in the United Kingdom has risen by 10 per cent since 1956, according to the survey. There is evidence from the United States and Britain that this deprivation leads inevitably to a loss of scholastic performance.

Professor Arnold Bender, professor of nutrition at the University of London, said that the survey was a "wake-up call" for the government.

Announcement of pension increase today

By Our Social Services Correspondent

The next increase in pensions to be paid from November will be announced in the Commons today by Mr Ennals, Secretary of State for Social Services. It will be at least 13 per cent, worth £2.20 a week to a pensioner couple and £2 for a single pensioner.

But there are indications that pensioners will be given a bigger rise. Families with children will receive the minimum the law allows.

The increases will affect about 12 million people receiving retirement and invalidity pensions, unemployment and sickness benefits and a range of other social security allowances that are tied to an annual review by law. The family income supplement will be included in the review for the first time and supplementary benefit rates will also go up, although they are not legally tied to an annual review.

Satellite technology lures eminent Chinese scientists

By Pearce Wright
Science Editor

In one of the most important exchanges of technical information between the United Kingdom and China for many years, a delegation of eminent Chinese scientists is in Britain to investigate the latest methods for making reconnaissance surveys from satellite and aircraft.

Hospital for US woman who was at Prince's home

The woman at the centre of Monday night's security alert at the Prince of Wales's country home was committed to a psychiatric hospital yesterday.

A police officer said that Mrs Barbara Nieberg, aged 29, an American who struggled with members of the staff and broke windows at Chevening House, near Sevenoaks, Kent, while holding a sharp knife, had a "fixation" about the Prince and his family.

Detective Chief Inspector Frank Hughes said Mrs Nieberg, a widow, had been committed as in need of psychiatric treatment under section 29 of the 1959 Mental Health Act. She is being held under a three-day order, during which Home Office and United States Embassy officials will decide whether she is to be returned to the United States for treatment. She was examined by two doctors. She said her aim and craft business in Los Angeles to pay for her visit to Britain.

Former GLC deputy leader denies expenses frauds

Illyd Harrington, aged 45, a schoolteacher and the former deputy leader of the Greater London Council, accused of the Central Criminal Court of fraud, yesterday denied charges of fraud.

Mr Harrington of Salisbury Street, St Marylebone, denied eight charges alleging that he made false expense claims while on the GLC and while a magistrate when he was a deputy leader of the GLC.

The jury returned a verdict of not guilty of fraud on two further charges relating to his work as a magistrate when Judge Bax QC directed them to do so after a defence submission. In evidence, Mr Harrington described on occasion in August, 1973, when he was about to take a holiday, he said he had been "talking about" with two assistants demanding his rights.

"I did not have any money with me and I remember insisting I wanted my expenses. They were brought to me that afternoon, and as I remember they were brought in cash."

He had not realized that as the schools were on holiday at the time he was being paid anyway and had not lost earnings because of his GLC work.

"It was not deliberate dishonesty," he said. He left it to his assistants to prepare his expense forms, and accepted responsibility for them.

Mr Harrington of Salisbury Street, St Marylebone, denied eight charges alleging that he made false expense claims while on the GLC and while a magistrate when he was a deputy leader of the GLC.

WEST EUROPE

Italy's small parties concerned over their political future

From Peter Nichols

Rome, May 24—The governing Christian Democrats hold talks today and tomorrow with the three small parties, all of whom are reacting vigorously to fears of an agreement between the Communists and Christian Democrats which would effectively cut these smaller groups out of their political inheritance.

This inheritance had already been diminished by the general election last year. The smaller parties suffered losses as there was a shift of opinion both towards the Communists and in the opposite direction to prevent Christian Democratic losses.

The talks this week sound trivial in the sense that they could be seen to involve little more than hurt pride on the part of the smaller parties. In fact, they are widely regarded as a crucial re-examination of Italy's problem of governmental stability and its ability to face the continuing crisis.

The talks at this stage are bilateral. The Christian Democratic leadership are seeing Liberals today and Republicans tomorrow. The object is to seek agreement on a governmental programme among parties regarded as constitutional (everyone except the neo-fascists). The Christian Democrats have already talked with the Socialists and with the Communists.

Tomorrow the Socialist central committee begins a session devoted to defining its attitude and on Saturday the Christian Democratic executive will examine the prospects for a joint meeting of all the parties concerned.

The importance attached to objections from the three small parties is shown today by

the efforts made by both the Christian Democrats and the Communists to allay any fears of agreement over the small parties' heads. The Communist Party's newspaper *L'Unità* devoted its leading article today to reassurances. It is headed: "Unfounded suspicions". The Christian Democratic leadership has been regularly talking on the same lines for days.

The figures explain some of the fears. Christian Democrats have about 750 parliamentarians; the three small parties have about 50 between them. The Socialists have 86. The Communists on their part are denying any fears of what they call "an external Yalta", meaning a straight division of the spoils between the two big parties.

The real significance of what looks like resentment by the small parties at the way the tide has turned against them has nothing to do with pride. Signor Ugo La Malfa, the Republican leader, fears that an agreement may emerge that will not meet the country's problems.

He insists that the key to economic salvation lies in the ability of the politicians to impose sacrifices on the workers and that the only party that could possibly be able to do so—but even this is doubtful—would be the Communists.

The Liberals are more concerned about making use of Communist help without bringing the Communists into full support of the Government instead of helping it indirectly by abstentions as they do now. For this reason the Liberals want a clearer definition of the Christian Democratic strategy.

The Socialists insist that the problem is not one of forcing the small parties off the scene.

EEC fund 'not helping the poor regions enough'

From Christopher Warman

Strasbourg, May 24—An urgent review of the European Regional Development Fund was called for by Signor Antonio Giliotti, the EEC Commissioner for regional policy at the twelfth conference of European local and regional authorities here today.

He said that despite the fund having aided 3,300 projects in the past three years, the situation remained unsatisfactory because there was no common regional policy. "There has been an increase in the imbalance between the better off and worse off regions and there is a wide gap between the task we have set ourselves and the results achieved," he said. In addition, increasing unemployment was threatening to undermine the internal cohesion of the Community.

A report on the northern and industrial countries of Europe was introduced by Mr. Meredeth Whitaker, a British delegate.

Discussing the wider implications of inner city decay, he said that while there must always be some mobility of people, this was second best to providing jobs where workers lived.

A report on the less affluent regions on the Atlantic and Mediterranean periphery suggested there was a real risk of a split between the Europe of the rich and the Europe of the poor. If this happened, the poor would turn away from the European association and look towards the Third World.

The report said this could only be avoided by redistributing assets and resources under a European New Deal to give the depressed areas a proper chance to develop.



Heavily armed Dutch soldiers guard a railway crossing at Glimmen, close to where Moroccan terrorists are holding more than 50 hostages on board a hijacked train.

Agreement reached on coalition in Belgium

From Michael Hornsby

Brussels, May 24

Mr. Leo Tindemans, whose Social Christian Party was the main victor in last month's general election in Belgium, appeared here today to head a new four-party coalition government after more than a month of political horse-trading.

In an all-night negotiating session that ended at 4 am, Mr. Tindemans secured the agreement of the Socialists and two small Flemish and French regional parties to a plan for constitutional reform.

Although there have been many false dawns in Belgium's search for a constitutional arrangement satisfactory to both its Dutch-speaking and French speaking communities, the latest developments seem to promise real progress.

Mr. Tindemans, who has been continuing to act as Prime Minister while trying to knit a new government together in the traditional style of Belgian coalition politics, described today's agreement "as an important turning point in the political history of the country".

The two small members of the new coalition are to be the Volksunie, the nationalist Dutch-language party, and its French-speaking counterpart, the Front Démocratique des Francophones, based in Brussels.

The main concessions appear to have been made by the Volksunie, which emerged from last month's elections with two fewer seats in Parliament, having lost votes in key areas of Flanders.

The status of Brussels, which has a substantial majority of French speakers but lies in Dutch-speaking Flanders, has long been the main obstacle to agreement on a new constitutional structure.

The Flemish nationalists appear to have accepted that Brussels should be treated as a region in its own right, like Flanders and Wallonia, and should have its own directly elected legislative assembly and executive.

It has also been agreed that large French-speaking minorities in six Flemish communes on the periphery of Greater Brussels should have exactly the same access to bilingual administrative and social services as Flemings enjoy in the capital.

Correction

In a report from Brussels on May 17, the Scottish Nationalist MP, was stated to have objected to her exclusion from a delegation supporting Britain's case for exclusive national fishing limits. Mrs. Ewing did not in fact wish to be included, as she has the opportunity to state her views in the Commons.

From Our Own Correspondent, Brussels, May 24—Police are investigating allegations that the Brussels killed at least 20 people, most of them Belgian, in a fire at a hotel in the 1930s and that fire safety guards there were seriously inadequate. The allegations by fire

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At a dinner given in his honour by the International Press Association, Dr. Owen did not mention the French by name, but his remarks were clearly directed towards Paris, which is deeply suspicious of Britain's supposed "special relationship" with the Americans.

Official French thinking was believed in London to have been reflected in a leading article last month in *Le Monde*, which accused Britain of seeking to transform the EEC into a free trade zone of a deeply Atlanticist colouring in which dreams of economic integration and autonomy would be abandoned.

In what was widely taken as an answer to this charge, Dr. Owen said that it was "an

Señor Suárez ahead as campaign opens

From Harry Debellus

Madrid, May 24

The Centre Democratic Union, led by Señor Suárez, the Prime Minister, got off to a running start today as the campaign leading up to Spain's first democratic elections for more than 40 years got under way officially.

The results of a poll published today by the independent Madrid daily *El País* put the Union in the lead, with prospects generally more than 20 per cent of the vote.

The runner-up in the poll was the Spanish Socialist Workers' Party, headed by Señor Felipe González, the young Seville labour lawyer, with more than 13 per cent.

Both parties had gained a point since the first voters' poll was taken a month ago. The neo-Francoist Popular Alliance, headed by Señor Manuel Fraga Iribarne, the former Interior Minister, and the Spanish Communist Party, under the leadership of Señor Santiago Carrillo, also gained slightly but each still polled less than 6 per cent.

The poll, conducted last Wednesday and Thursday with 1,538 interviews in various parts of the country, indicated that at least 85 per cent of

Spain's voters can be expected to turn out to elect 350 members to the Congress of Deputies and 207 Senators on June 15 (another 41 senators will be appointed by King Juan Carlos).

It also indicates that 35 per cent of Spain's voters are still undecided: 26 per cent about which party to vote for and more than 9 per cent about whether to vote at all.

The coalition between the Popular Socialist Party and the Federation of Socialist Parties, headed by Professor Enrique Tierno Galván, slipped by more than one percentage point during the past month, polling less than 4 per cent this time.

By contrast, the Christian Democratic Federation, led by Señor Joaquín Ruiz-Giménez, the former Education Minister, and Señor José María Gil Robles, the son of a former Republican minister, gained two points, polling 3 per cent in the survey.

The poll left no doubt about who is the most popular candidate. Asked whom they would vote for as their first choice, 29 per cent named Señor Suárez, 11 per cent Señor González, and 4 per cent Señor Carrillo.

Señor Fraga Iribarne, and Señor Tierno Galván, and Señor Carrillo, and Señor Fraga Iribarne.

Britain agrees to end pig subsidy payments

By Hugh Clayton

Agricultural Correspondent

Britain decided yesterday to end the subsidy paid to pig farmers although the European Commission may allow a different form of aid to replace it.

Mr. Silkin, Minister of Agriculture, Fisheries and Food, said that the decision would end the subsidy before the next meeting of EEC farm ministers on June 20.

Its cancellation was ordered by the European Court of Justice at the weekend. Mr. Silkin said Britain had now applied to the court to have article 135 of the Treaty of Rome for alternative aid.

Mr. Fin Olay Gundlach, the EEC Commissioner for agriculture and fisheries, said the article offered many possibilities and allowed the Commission to act without reference to ministers.

Its decision would be based on an analysis of the pig industry throughout the Community. Mr. Gundlach considered some statements from British pig farmers about their own plight "slightly exaggerated".

"The Commission will take its decision well in advance of the next council meeting," Mr. Gundlach said. It might decide not to allow any aid.

When the minister says there is a subsidy problem, I don't think the Commission has ever quarrelled with that," he went on. "But is that problem the same as that which exists with pig producers in Europe as a whole?"

Mr. Silkin was speaking after a meeting of the EEC council of agriculture ministers in London. They will all visit a pig farm in Hertfordshire today.

The subsidy, which has been paid since the end of January, is worth £5.50 on each animal, and costs £1m a week.

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OVERSEAS

Likud agrees to accept UN resolution on the occupied lands

Tel Aviv, May 24—

The right-wing Likud Party today declared its acceptance of the controversial United Nations Security Council resolution on the occupied territories (Resolution 242).

The assurances were given by Mr. Simha Erlich, the party's deputy leader, during negotiations with Mr. Moshe Yadin's Democratic Movement for Change, whose support Likud needs to form the next government.

The two-hour meeting was understood to have centred on Likud's refusal to concede territory on the West Bank of the Jordan and the Democratic Movement's willingness to compromise for peace.

The two parties agreed on the need to conclude a peace with the Arabs, to go to Geneva for peace talks, to push for direct negotiations in preference to any other form of talks, and to oppose the creation of a Palestinian state, the sources said.

While Likud would like to see a new government formed by Mr. Yadin, it is reported to be awaiting the results of important elections in the Histadrut trade union organization for June 21. Because of the illness of Mr. Menachem Begin, the Democratic Movement wants the vice-premiership for Mr. Yadin. That would make him the virtual leader of the government should Mr. Begin's illness worsen.

The Likud acceptance of Resolution 242 still turns on the interpretation of the Security Council text. Likud has always agreed to concessions on the Golan Heights and in Sinai. But

the party considers the West Bank "an integral part of the historic motherland of the people of Israel" and points out that before the Six-Day War of 1967 Britain and Pakistan were the only two countries which recognized Jordan's sovereignty over the area.

Despite assurances from right-wing leaders that Mr. Begin would become Prime Minister, the leadership of the new government remained in doubt today.

Mr. Begin, aged 64, who suffered a severe heart attack two months ago, was taken to hospital early yesterday after complaining of chest pains, arthritic and exhaustion. Doctors said he would remain in hospital at least a week and could return to politics after further rest. But they gave warning that he would have to limit his workload for some time.

Informal sources said the party's leadership was already seeking alternative solutions should Mr. Begin's illness prevent him from assuming a full prime ministerial role.

Mr. Begin has no heir apparent. Theoretically, the mantle of leadership would fall on Mr. Ezer Weizman, the 53-year-old former air force chief, who holds the secondary position in Mr. Begin's Herut faction of the Likud.

But there were strong indications that the flamboyant Mr. Weizman, who organized the successful election campaign, would not be a suitable candidate in the eyes of the other Likud factions, which are headed by conservative, somewhat sombre politicians. Mr. Erlich leads the liberal faction within Likud. Agence France-Press and Reuters.

Israeli gunners accused of shelling Lebanese villages

Sidon, Lebanon, May 24—

Israeli gunners were said today to have shelled three Lebanese villages near the border with Israel, for the first time since Mr. Menachem Begin's victory in the general election.

Residents said that the villages of Rashaya el Foukar and Ras Hammanah as well as the outskirts of Nabatieh had come under heavy fire during the night from Israeli positions across the border, and the shelling of Nabatieh resumed in the afternoon.

Four people were wounded in Rashaya el Foukar, about four miles from the frontier, and three in Nabatieh where four buildings were damaged. Lebanese gunners in the south have fired back at Israeli gunners, and right-wing ground attack against the Lebanese leftist-Palestinian alliance is said to be frequently supported by Israeli artillery fire.

Tension continued also round

the northern Lebanese village of Billa, where fierce fighting between right-wing militiamen and Syrian troops of the Arab peace force was said to have left 27 Syrians dead.

The Syrians have surrounded Billa, about 12 miles south-east of Tripoli. Reporters trying to get into the town were told that it had been declared a prohibited military zone.

There was no comment on persistent rumours in Beirut that a large number of villagers had been killed in reprisal for an attack on Syrian forces trying to enter the village.

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President welcomes Saudi prince effusively

From Our Own Correspondent

Washington, May 24

President Carter today, an effusive welcome for Prince Fahd, Deputy Minister of Saudi Arabia, younger brother of the king, who he said he was "proudly" for seeing the "core" of a Middle East peace.

Prince Fahd, who came from an Arab leader, in Riyadh, said he was in with optimism over the Israel conflict thanks to Carter's express views.

The Saudis wanted more for the Middle East peace and stability for realized the problems of the and the calamities for its people it brought in it.

Comments by Prince Fahd here to the effect Saudi Arabia's present role on oil prices might snag progress was recorded. Middle East negotiations, been noted, but allowed without comment. They sharp official concern, how the United States now in far more oil than in 1973, against it, nearly half its dependency on Saudi supplies has grown accordingly.

The talks with Prince Fahd originally planned as part of Mr. Carter's serial consults of the Middle East leaders, also taken on much more importance with the victory of Likud in Israel.

President Carter, one is will assure the Saudis, at every level that he intends to the Israelis in U.N. resolutions 242, 338, relating to withdrawal from occupied territories, religious access to Jerusalem.

This second point was such judged indirectly by Mr. Carter today in saying that both Arab and the United States were "concerned for deep religious conviction".

Mr. Carter has been extremely to say of direct consults on the Israel election. Of that he is determined that United States will act as "a peace force" for Middle East peace, year, however, it is clear the election result is seen a sharp setback to hopes for early reconvening of the Golan conference.

He is being advised by so experts to tell the Arabs to let their powder dry, and to him to "let it go" and to multiple leverage he possesses to bear on the Israeli leadership.

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Dr Owen answers Paris critics

From Our Own Correspondent

Brussels, May 24

The European Community should aim to develop "a creative and constructive Atlantic partnership," Dr. Owen, the Foreign Secretary, said in a speech here tonight. It was fanciful, he declared, "to try to set up a false antithesis between cooperation with the Americans and preserving a European identity".

At a dinner given in his honour by the International Press Association, Dr. Owen did not mention the French by name, but his remarks were clearly directed towards Paris, which is deeply suspicious of Britain's supposed "special relationship" with the Americans.

Official French thinking was believed in London to have been reflected in a leading article last month in *Le Monde*, which accused Britain of seeking to transform the EEC into a free trade zone of a deeply Atlanticist colouring in which dreams of economic integration and autonomy would be abandoned.

In what was widely taken as an answer to this charge, Dr. Owen said that it was "an

essential Community interest to enjoy a close and influential relationship with the United States," particularly when faced by a new administration.

American policies bore directly on "Community interests in the multilateral trade negotiations, in the energy field and in our efforts to lift our economies out of recession".

To ignore this was to ignore the international facts of life. Dr. Owen went on: "The attitude which sees the European Community as an exclusive partnership is wholly alien to my own personal Europeanism, and is based on a feeling of weakness and inferiority which we ought to have long since grown out of."

Turning to Britain's presidency of the EEC, which expires at the end of next month, Dr. Owen remarked that it was not for him to say whether it had been a success, a judgment that in any case depended on the yardstick chosen.

There were still some Community commentators who "assess progress against a short-term federalist goal to which only a few zealots

aspire," he said.

President welcomes South African Minister proposes confederation in which blacks would have more political rights

From Our Own Correspondent
Washington, May 24
President Carter last night welcomed South African Minister of Education, Pieter Koozemant, with effusive hospitality.

Mr Koozemant, a senior cabinet minister, today said that South African blacks who were permanently resident in the white areas would eventually be included in a new political dispensation together with the country's Coloured and Indian populations.

It was the first time a government minister has visited the United States since the end of the 1960s. Mr Koozemant's visit is seen as a sign of the new political relationship between the two countries.

Mr Koozemant, the Minister of Education, told a conference in Cape Town that South Africa was moving in a direction of developing a federal political system, not unlike that of Switzerland, in which different groups would each be able to participate in the central decision-making processes.

Observers here regarded Dr Koozemant's speech as one of the most important political statements to have been made by a Government Minister since last year's visit by black township leaders and the first indication that the Government was reappraising its race policies with regard to the nine million blacks who live in the so-called "white areas".

Dr Koozemant let it be known to his acquaintances that he regarded today's speech as the most important of his political career. It is certain to provoke widespread debate in political circles and is likely to meet considerable opposition in the party caucus.

The Education Minister said that what was now needed in South Africa was the establishment of so-called "grey areas" in the "white part of South Africa", or what he called cultural pluralism.

He said that the groups involved in such a system of cultural pluralism would comprise mainly the whites, Coloureds and Indians. But in a key section of his speech he went on: "However, there are those in South Africa believing that, in theory at least, black people regarded as members of permanent communities within South Africa may in time also be drawn into the new dispensation."

There is a school of thought in South Africa which believes that these blacks, as separate communities, should be phased into the cultural pluralism orbit. Politics, especially in these times, are unpredictable and only time will prove whether this line of thought is feasible or not," he added.

Dr Koozemant went on to suggest that the Cabinet Council which was formed last year to include whites, Coloureds and Indians should be viewed as "the beginning of a process of institutionalized evolution which will culminate in a sophisticated parliamentary system."

He made his speech shortly after Mr Vorster, the Prime Minister, arrived in Cape Town to a tumultuous welcome after his meetings in Europe with Mr Walter Mondale, the American Vice-President, and President Houphouët-Boigny of the Ivory Coast. The whole of the Cabinet, as well as Nationalist MPs and senators, were among the crowd of several hundred who greeted him.



Children playing with matches are believed to have been responsible for a fire that destroyed 120 homes in Cobalt, Ontario, a mining town about 300 miles north of Toronto, yesterday.

Mr Carter promises handicapped more help

From Our Own Correspondent
Washington, May 24
President Carter last night promised the 36 million Americans who have some kind of physical handicap that the time for discrimination against them was over. Addressing a convention of the National Association of the Physically Handicapped people here, he said that their full human rights were long overdue.

The Department of Health, Education and Welfare recently promulgated regulations providing that, under an act of 1973, any government organization or institution which receives federal funds must ensure that the handicapped have equal access to the facilities provided.

The president described the act as a "bill of rights for the handicapped". He said: "We are going to enforce the regulations that tear down the barriers of architecture and we are going to enforce the regulations that tear down the barriers of transportation."

Mr Carter also said that the new rules will mean that state schools must provide handicapped children with a full education. Employers will be obliged to give handicapped applicants for jobs a chance to acquire the skills needed.

The President compared the progress of the handicapped with that of the blacks in his native South. He said that the Administration would bring together into one agency more than 100 federal programmes which now deal with problems of the handicapped.

Mr Carter also said that only 35 per cent of American children are being vaccinated or inoculated against preventable diseases.

Muzorewa praise for British plan

From Michael Knipe
Johannesburg, May 24
Bishop Abel Muzorewa, leader of the United African National Congress, said here today that the latest Rhodesian initiative was the most reasonable so far and at given good will on all sides a solution could be reached.

However, he displayed a fundamental difference with Mr Smith, the Prime Minister, saying that there should be no reconciliation, other than giving the franchise. He also gave a warning that if there was no reconciliation between rival black leaders the country was heading for civil war.

Mr Smith said at the weekend that he believed in high franchise qualifications and was strongly opposed to "the mob rule of one-man-one-vote".

Today Bishop Muzorewa said it was too late for a qualified franchise. People with no education and no money had seen their sons fight and die for majority rule. They had bought the right to vote with their blood.

Asked whether he envisaged a reconciliation of the rival nationalist leaders and their separate guerrilla armies, the bishop said that if things continued with "external forces" trying to find "their own king of Zimbabwe", it would lead to "the rule of the jungle", with hundreds of thousands of people being killed.

The latest settlement initiative was the most reasonable because the British were approaching the Africans for their ideas on the constitution, instead of presenting them with proposals.

The Bishop added however, that he doubted if there was any good will at present on Mr Smith's part. He was "clinging to crumbling power".

The latest emigration figures show that there was a net loss of 1,034 whites in April, bringing the net loss so far this year to 3,578 compared with 880 during the same period last year.

Sudan seeks American aid after Russians leave

Khartoum, May 24.—President Nimeiry of Sudan, who last week expelled 70 Soviet military advisers to the Sudanese Army, today asked for American military aid. "All our military equipment here is out of date," he told reporters.

President Nimeiry made the request during talks he and Dr Mansour Khalid, the Foreign Minister, held with Mr Andrew Young, the visiting American representative at the United Nations.

The President was asked if he wanted American military advisers to replace the Russians who, he said, should have gone two years ago because they were doing nothing and were not needed. He replied that what he wanted was American military equipment, which he knew was very modern.

President Nimeiry has asked the Russians to reduce the size of their embassy staff in Khartoum after the expulsion of the Soviet Embassy staff was three times as large as the next biggest diplomatic contingent in Sudan, that of Egypt, and five or six times the size of the American diplomatic presence.—Reuter.

Swapo asks UN to stop execution of murderer

Windhoek, May 24.—Black nationalists in Namibia (South West Africa) appealed to the United Nations today to try to stop the hanging here of a man paralysed below the waist, who has been sentenced to death for murder and theft under South African anti-terrorist laws.

They said they understood that Filemon Nangolo would go to the gallows tomorrow, although officials would not confirm this.

Mr Nangolo was convicted last September as an accomplice in the murders of Mrs Shirley Louw and her 12-year-old son Bertus at Grootfontein in 1975, and of Mr Gert Walther, a farmer and his wife.

A detective said at the trial that he shot Mr Nangolo as he fled from the Walther farm. Since then he has been partly paralysed.

Mr Daniel Tjongarero, information secretary of the South West Africa People's Organization, said that Swapo had appealed to the international community to intervene because "we feel the execution would threaten to break down all possibilities of an internal solution" to the problems of Namibia.—Reuter.

Bacteria 'instructed' to make insulin

Washington, May 24.—Laboratory-bred bacteria have been engineered to make the gene for insulin, scientists report. Giving bacteria the ability to make insulin has been one of the most discussed goals of recombinant DNA research, an uncharted realm of genetic experiments known popularly as gene splicing.

Use of bacteria to produce insulin would provide a virtually limitless supply of the hormone. It would probably have an important impact on treatment and understanding of diabetes and could yield important research dividends as well.

In mammals and humans insulin is necessary to regulate the production of energy in the body and the control of blood sugar. A deficiency of insulin leads to diabetes, a leading cause of death and disability.

Natural bacteria, however, do not make insulin and have no genetic instructions for doing so. Scientists in the experiments reported at the University of California, San Francisco, have succeeded in transplanting into bacteria the genes from rat cells that carry genetic instructions for making insulin. It is believed to be the first time the gene for making this, or any other important animal hormone, has been transplanted into bacteria. After the transplantation

succeeding generations of the bacteria, continued to make copies of the insulin genes and related genetic material. The next step in the research effort will be that of persuading the transplanted genes to make the bacteria produce insulin.

"We have great confidence that it will be done," I would be surprised if it took more than six months," says Dr William Rastner, a leader of the research effort.

Now that the genetic instructions for rat insulin have been put into bacteria, the scientists say, there should be no major scientific obstacles to doing the same with the genes for human insulin.

Our Medical Correspondent writes: "This application of genetic engineering to medicine has been theoretically possible for some time but none the less it is a welcome and important advance."

The practical implications are far-reaching. At present insulin and other hormones are extracted from animals such as cattle and pigs and purified as far as possible for human use, an expensive and time-consuming process.

If the bacterial synthesis can be scaled up to a commercial level the cost of preparation of these hormones could be cut and their purity increased.

Prices and incomes policy breaks down in Australia

Canberra, May 24.—Australia's voluntary wages and prices freeze broke down today for only six weeks. The national Arbitration Commission announced rises of up to \$43 (£2) for those earning more than \$4,200 a week and 1 per cent for those on lower rates.

Mr Malcolm Fraser, the Prime Minister, told Parliament that, because the arbiters in a commission had failed to give notice that prices had risen, it must be regarded that the wages prices use, as such, is over.

He blamed the trade unions, particularly Mr Robert Aspin, president of the Australian Council of Trade Unions, for refusing to accept principle of the freeze.

The pause had been planned to last three months, but today the commission rejected the Government's call to defer for three months the March quarter increase of 2.3 per cent.

Sir John Moore, president of the commission, said the restrictions of the freeze had not been defined adequately.

Dealing with an external issue, Mr Fraser announced a set of safeguards on exports of Australian uranium similar to safeguards already applied by the United States and Canada.

He told Parliament that countries importing Australian uranium would not be able to resell it or produce plutonium, which could be used for nuclear weapons, without prior agreement.—Reuter.

Five-year ban on black student leader

From Our Own Correspondent
Johannesburg, May 24
A senior official of the black South African Students Organisation, Mr Solomon Sekupha, today banned for five years. The order restricts him to King Hill, a town, 300 miles south of Johannesburg, and forbids contact with the student group and other "black consciousness" organisations. Its president, Stofile Mogenzi, claimed that the authorities were trying to put away "as many black leaders as possible before the 16th anniversary of the veto rulings."

Two American consular officials today denied that they had been part in a meeting last night which called on the Government to allow Mrs Winnie Mandela to return to her home in Johannesburg. They said they were observers only, they said.

Somali leader to review case of Briton

By Our Diplomatic Correspondent
An undertaking to review the case of Miss Jane Wright, the British woman charged with espionage and illegal entry has been given by President Siad Barre of Somalia.

Mr Barre told Mr Edward Rowlands, Minister of State at the Foreign Office, now on a visit to Mogadishu, that he could not interfere in the judicial process but would review the case once the legal procedure was finished. Mr Barre made strong representation on behalf of Miss Wright, who is expected to stand trial at the end of this week or early next week.

She has been held in custody since November, when the boat in which she was sailing ran aground off the Somali coast.

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Law Report May 24 1977

Queen's Bench Division

Restraint of princes: test of commercial practicability

The Furness Bridge
Before Mr Justice Kerr
[Judgment delivered May 23]

Where an oil embargo came into effect, the charterparty excluding liability for failure to ship a cargo of oil owing to the embargo, the charterers were nevertheless responsible for non-performance of the contract, not because the embargo did not apply to all the ports from which the oil could be shipped under the charter, but because it was not commercially practicable to ship from the ports not affected by the embargo.

His Lordship, in a judgment delivered by an umpire, upheld the umpire's award in favour of Sea-bridge Shipping Ltd, owners of the Furness Bridge, that Antco Shipping Ltd charterers, had not brought themselves within the exception in an EXXONVOY 1965 form charterparty, which provided that the charterers were not to be responsible for non-performance of the contract, not because the embargo did not apply to all the ports from which the oil could be shipped under the charter, but because it was not commercially practicable to ship from the ports not affected by the embargo.

His Lordship said that in October 1973 the owners made a contract with the charterers for a single voyage charter of a vessel to be nominated on the basis of the EXXONVOY 1965 form of charterparty for the carriage of a cargo of 140,000 tons, 10 per cent more or less at owners' option, of crude oil and/or dirty petroleum products to one or more safe ports in the Caribbean, including Freeport and Trinidad.

The charterers had an associated company in the United States, New England Petroleum Company (NEPCO), who were distributors of oil products in the United States. The group operated a refinery in Freeport and most of its products were sold to NEPCO or other associated companies for distribution in the United States.

The Freeport company had entered into subcharter contracts with the National Oil Corporation of Libya. The charterers' normal pattern of trading from the Mediterranean had been to load crude oil in Libya and then to ship it to the United States. The charterers had established that while the charterparty provided that the charterers were to be responsible for non-performance of the contract, not because the embargo did not apply to all the ports from which the oil could be shipped under the charter, but because it was not commercially practicable to ship from the ports not affected by the embargo.

The issue turned on part of clause 19 of the charterparty, which provided that the charterers were to be responsible for non-performance of the contract, not because the embargo did not apply to all the ports from which the oil could be shipped under the charter, but because it was not commercially practicable to ship from the ports not affected by the embargo.

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shall... be responsible for any loss or damage or delay or failure in performing hereunder arising or resulting from... restraint of princes.

The dispute arose from the Arab-Israeli war in October, 1973, shortly after the conclusion of the charter, and the subsequent Arab oil embargo. Libya imposed an embargo on shipments of oil to the Caribbean because that was an important area for exporting refined products to the United States. Because of the embargo it became impossible for the charterers to perform the contract in the manner in which they had originally intended and contemplated performance, namely by the shipment of Libyan crude oil to the Caribbean.

The owners accepted that the charterers had themselves within the exception of restraint of princes so far as concerned the shipment from Libya. The issue therefore turned on the effect of the other loading options which were available to the charterers, namely the shipment of crude oil from other ports in the Mediterranean. For shortly, it was possible in the sense of being commercially practicable, for the charterers to procure and ship such a cargo and on whom the burden of proof lay in that connection.

The general principle was clear. If a contract provided for alternative methods of performance, and one such method came to be prevented by an accepted peril, then the party affected must generally perform the contract to the extent that it was possible to do so. In December, 1973, the owners nominated the Freeport Bridge to perform the voyage with a cargo of 140,000 tons, and that was held to be a good nomination.

It was common ground that the charterers had not accepted the nomination because the Arab boycott prevented Libyan oil from being shipped to Freeport. The charterers repudiated the contract and withdrew the vessel.

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Hampton & Sons

Minister praises effectiveness of fishery protection

Talks proceeding on help for pig industry

Witnesses free to affirm instead of taking oath

He had consulted the judges and concluded that the proposal in the amendment would be welcomed by the majority of the members of the United Kingdom, all concerned with legal proceedings found the amendment an improvement.

He was not certain that all his Government colleagues would agree, but those concerned with

Speaker to rule on conference decision

Major in Army paid about same as MP **Greatest c among you**

Parliamentary notices

House of Commons
Business: 11.30 a.m. Bill, private members' business, Bill, second reading. Second reading of four, private members' business.

House of Lords
Today at 2.30 p.m. Debate on energy policy moves on to the second day.

Disclosure of information to trade union

code? Was it not possible that the code would be used to extract and obtain information which could be collated and used for purposes which would be far removed from collective bargaining? Would confidentiality be maintained?

The draft code was approved. . . .

say they could not do anything because within present rules every price increase was permissible. But there was every difference between "permissible" and "prohibited". The Bill was read a first time.

Contribution to easing unemployment would be world economic growth

The Earl of Kimberley (L.) said that three times as many people died every year as a result of lung

West German radio service the previous night making the allegation that was started in the Daily Mail.

employment **Whitehall**
mic growth **doctrine-**

The motion for the second reading was rejected by 86 votes to 62—majority against 24.

House adjourned, 7:57 pm.

Whitehall doctrine—

be spread over two years and would raise notional insurance contribution by something like 12 per cent. This could only be done in conjunction with a pay policy.

Witcham
doctrine
anything
yet deal

NO. 1 INSTANT FIST BOMB CAN BE USED IN ADOLESCENT LADIES
AND KIDS CARRYING THE BOMB IN THE

Peter Hazelhurst talks to the controversial Mr Lee Kuan Yew

Singapore: the case for putting strings on liberty

Singapore, May 24

Like many Asian leaders, Mr Lee Kuan Yew, Singapore's Prime Minister, is convinced that the West's concept of liberal democracy and human rights cannot be applied as a yardstick for the developing nations of Asia.

Mr Lee, a British-trained barrister, is obviously concerned by the West's preoccupation with human rights. He admits that 61 political prisoners have been detained without trial under Singapore's Internal Security Act, but argues that certain liberties in a developing nation sometimes have to be sacrificed for the sake of economic development and security, and to prevent communist oppression.

"You cannot expect to find in Asia or Africa norms and standards which did not even exist in Western Europe 30 years ago under Hitler, or even in the Southern states of America in the 1950s," Mr Lee says.

Singapore's dispirited opposition leaders interpret Mr Lee's rationale as an attempt to justify an erosion of political rights and his having held power for the 17 years since independence.

However, in spite of widespread allegations of political oppression, there can be little doubt that Mr Lee and his ruling People's Action Party enjoy the overwhelming confidence of Singapore's 2,000,000 citizens.

There can be little doubt, however, that Singapore is slightly perturbed by President Carter's forceful policy on human rights.

Setting out his views on this issue and on the future of South-East Asia during an interview with *The Times* west in his office in the Istana, the former governor-general's residence, Mr Lee said: "We must accept the fact that we have got an American President who sets great store by human rights. It is an article of faith with him. But we have got to hope that his measures are sufficiently practical to be able to take into account the different historic, cultural and value systems of different people in different parts of the world in different stages of development."

When asked to explain why the Japanese had adopted the Western world's norms on liberal democracy and Singapore had not done so, Mr Lee replied: "The electoral processes and the reasons why people vote for a party have been different. I still think they

(the Japanese) are different, in spite of the recent shifts as a result of the Lockheed case.

"It is a different system altogether. It goes through the process of the poll but the values are different, their norms are different, what they expect of a Japanese politician or a Japanese government in office is different.

"To begin with, let us not forget they were already an industrialized society at the end of the war. They were prepared to give their Western-imposed Constitution, violence up by General MacArthur, a go. And it turned out very well for them.

"The Korean war came. The Japanese recovery was aided by American investments and away they went. It has been on the basis of stupendous growth over more than two decades and the Liberal Democratic Party has been in office since 1955."

Asked why political prisoners in Singapore had not been placed on trial through the process of law, Mr Lee said: "If it could have been done that simple way, the Malaysian Communist Party would not be what it is.

"There would never have been an emergency in 1948 which the British were successful in putting down only after 12 years, including the deportation of 90,000 communists and their supporters and at one time the detention without trial of 20,000 communists."

The Prime Minister also gave an assurance that political prisoners in Singapore will be released immediately if they are prepared to denounce the Communist Party of Malaya's policy of overthrowing the Government by force.

He explained why political prisoners were not being put on trial: "Do you believe we will get witnesses to go up and swear on oath to be identified by those in court? Half of the strategy of the Communist Party is the awe and fear which they have established in the minds of the people. That is, if you betray them then some time, some place, they will settle the score," Mr Lee said.

Last week Singapore's major opposition body, the Workers' Party, decided not to contest elections in future because ballot papers were numbered. The People's Action Party now controls all of the 6 seats in Parliament. Did this not leave the impression that Singapore was now a one-party state?

"Ballot papers have always been numbered from the time they were introduced by the



Mr Lee: certain liberties may have to be sacrificed.

British. This did not prevent the communists from picking up 30 per cent of the vote in 1963. In a recent by-election the Workers' Party increased their vote. I do not want to get into a situation where we remove the ballot paper numbers and then, after the Opposition loses, they will accuse me of stuffing the box with ballot papers marked in our favour," Mr Lee argued.

The Prime Minister said that he would welcome an articulate opposition force but his opponents were never returned to Parliament because they always attempted to appeal to a section of the electorate which supported the communists in the 1960s.

I asked Mr Lee: Although you have transformed Singapore into a glittering example of economic progress in Asia, the officially condoned National Trade Union Council alleges that 60 per cent of the population lives below the set subsistence level for a family of four?

"I dispute the accuracy of that survey," he replied. "But I would grant you that there is still 25 to 30 per cent of the population below what the NTUC and we believe to be the minimum desirable standards of nutrition, clothing and shelter. This cannot be resolved just by economic development, there must be a greater awareness of the problem of family planning."

Turning to the problem of the security of South-East Asia, Mr Lee said he was confident that the Association of South-East Asian Nations (Asean) was capable of containing insurgency in the area, provided there was no intervention by the communist regimes in Indo-China.

He believes that the biggest risk lies in Thailand: "The domino theory is no longer fashionable, so we do not talk about it. I am confident that this is a problem within the capacity of the Thai Government to deal with, provided it is a Thai problem and not one which becomes a problem of external intervention by increasing the flow of arms and instructors across the border."

Mr Lee discarded suggestions that the joint operations between the armed forces of Thailand and Malaysia in southern Thailand would set the trend for a formal military alliance within Asean.

"Asean should remain an organization primarily for economic, political and social co-operation. Any security co-operation should be carried out on a bilateral basis. The first thing we must do is establish economic co-operation. That in itself will lessen the security dangers which stem primarily from insurgency."

The Prime Minister went on to say that in his view the real threat lay in the more impoverished regions of Thailand near the communist states of Indo-China.

"There must be a greater emphasis on these areas of relative poverty. This will mean a transfer of the benefits of economic growth from the cities, particularly Bangkok, to areas suffering from poverty which harbour and give succour to insurgents."

Could not the real danger lie in Malaysia where the insurgents are taking advantage of the communal tension between the Chinese and Malay communities?

"That is an added complication. But as long as there is no sanctuary on the Thai side of the border, it is not possible for the insurgents to build up small, force and main-strike forces and make a bid for power," Mr Lee said.

The Prime Minister, who is now apparently more optimistic about the future of the region, said that the concentration of the United States' growing disinterest in Asia.

"In the immediate future I am not concerned. America is the anchor of the Western world and Japan is important to the security of the Western world. Europe is to her in Europe."

"Japan cannot survive as a backdoor. Japan's trade with South-East Asia is more than her trade with the EEC. Where 50 per cent of her exports go from, I am not worried," he concluded.

A country in which petrol is sold retail at sevenpence a gallon is obviously a country to which the usual rules cannot easily be applied, and indeed there are many things about Venezuela that fit no preconceptions. One is the extraordinary combination of a firm western commitment with a no less firm independence of the United States, neither end of the seesaw being easy to maintain in view of the huge weight of repression throughout the continent to the south (she shares a frontier with Brazil), combined with Cuba to the seaward, ever on the watch for an opportunity to do harm to a wealthy democracy. (The Venezuelan leftists—the Movimiento al Socialismo—has a hard job convincing Venezuelans that they would be better off under some kind of Castro regime. They got 10 per cent of the votes in the last election, and it will be interesting to see whether they significantly increase the total when the country votes next year.)

Nobody, for instance, could think of any economic reasons for the recent nationalization of the foreign holdings in the oil industry, and indeed President Perez, in his preamble to the official text of the Statute which enacted it, says with one breath that "this decision is the outcome of a long process of development of a nationalistic conscience," and speaks with the next of "the economic localization of the big industrial nations."

The country's position as both a Latin-American and a Caribbean country provides yet another reason for her to balance on a tightrope; there seems to be little Spanish influence outside the language (when I asked if there was a feeling of cultural identity, it was clear that the idea had never occurred to them, and not merely because the Spaniards were the conquerors), but even more surprising—there are virtually no physical traces of Spanish rule on the one hand, or of pre-conquest cultures on the other. (The truth is that the country scarcely existed as an entity before the Spaniards arrived, and had even less of an identity for long afterwards; there was no printing until 1508, and no university until 1721.) But it must have been significant that whenever I asked about Venezuela and the Caribbean World, it was the Caribbean countries that were most frequently mentioned.

But of course the most remarkable of all Venezuela's balancing acts is that involved in her very existence as one of the tiny handful of true democracies in the whole of Latin-America. (At the last congress she was one of three, with Mexico as a heavily-qualified fourth.) By all the tests—genuine elections and opposition parties, an unrestricted press, truly independent courts and trade unions, freedom of religion, association and movement—Venezuela is one of the freest countries in the world.

Curiously, my saying so will certainly surprise many people in Venezuela. It is a surprise and a disconcerting one, for we take our democracy for granted (it may even be that Venezuela is rather more secure) and would feel patronized to be complimented on it. But there is a rather important difference: Venezuela's present freedom is only 15 years old. After the war of liberation (how refreshingly rare to hear that word used correctly for once, instead of in its modern, prostituted sense as a synonym for enslavement!), in which Venezuela was a quarter of her population (Bolívar, incidentally, was born in Caracas), the new freedom did not last long, and Venezuela fell into the hands of a succession of autocrats. In 1955 one of the longest-serving of the tyrants died, and exactly a decade later, Venezuela had completed the transition to democracy. That did not last either: the last of all her dictators, Pérez Jiménez, overthrew it, and ruled until, in 1958, he was himself overthrown by the freedom movement led by Romulo Betancourt (the first president of the new democratic regime). Since then, Venezuela has been truly free, and the remarkable consistency with which they feel their determination to stay that way is as touching as it is evident.

Yet there are traces. Physical ones, to start with; I spent most of one day with Betancourt, who was still in his pool (heated to a temperature normally considered more suitable for swimming) and before he

Bernard Levin takes a final look at Venezuela

In the swim with a leader of a truly free land

entered the water he put a pair of white cotton gloves on his scarred hands, which will never completely heal since the bomb-attack on his life organized by the Dominican dictator, Trujillo. The father of Venezuelan democracy, still politically active, and preparing with relish for next year's elections, was full of politics, national and international (he has just written a book on President Carter); he told me he was prepared to lead a massive campaign against the German provision of nuclear power to Brazil if the deal goes through. Democratic Venezuelans do not misuse words, at any rate in private (in the case of President Pérez in public, too), about the dictatorships that stain their continent with blood; they insist on keeping their relations with countries of all political hues (though they broke off relations with Uruguay after a Venezuelan citizen was murdered by the police there), and indeed the President of Argentina was just leaving, after a state visit, when I arrived, but Pérez was quick to speak out vigorously and unequivocally, in support of President Carter's declaration on human rights.

They are always—more benign, I imagine—of the fragility as well as the scarcity of freedom on their continent; when I drove off from his home with Betancourt I felt that it was not only his personal experience that led to the presence of an armed bodyguard beside his driver and an automatic pistol, with a spare clip, on the floor at his own feet. (He is outspoken in his denunciations of Cuba, as of Paraguay and Chile, and criticized his own party for proposing to send a delegation to a youth congress in Havana.)

But my most fascinating experience in Venezuela was my meeting with one of the most remarkable men I have ever met: Juan Pablo Pérez Alfonzo is the man who was largely responsible for the foundation of Opec (of which Venezuela was one of the original members) and was formerly the country's Minister of Oil. But he has now turned his back on the whole theory of a civilization based on technology, and lives quietly in a beautiful but simple house in the suburban hills above the capital. ("But really," I said to him at one point, when you look down at Caracas, and he cut me off, leaping to his feet and flinging his arms wide with a cry of "I never look down at Caracas!") As

he spoke of the false western society, he had of pulling itself up by computerized, oil-driven straps, as he warned, argument: that only we rediscover our roots in it will we cease to fall. Ignis fatuus of an age cure our ills with green of the disease (I guess, saying "But we 25,000,000 people in it we can't fire them," he said: "I may have to"), as he said, dismay at the sight of a country fastening on the mistakes Europe is to rue. I suddenly recall whom he reminded me, put it to him: "You saw Gandhi," I said, and he: that Gandhi was indeed, and more an inspiration, can you turn Venezuela into a country based on peasantry and the wheel?" By way of spreading his hands, he asked me another: "Who pens when the oil runs, What happens when it runs out? That is not a question many Venezuelans ask; they ask it as a matter of fact, in terms of a true source of energy, alternative methods of doing it. (Betancourt, when I was going to see a friend and colleague, 'Ah, Juan Pablo—a very fellow, but he's not a practical politician.' I put to Juan Pablo, too, he smiled again and said: 'Maybe I am the only practical politician.' And it is as we see why it would make of quite extraordinary importance to see the problem of the sores of poverty, a hillside around Caracas diversifying Venezuela's industry, of maintaining democracy. Her dilemma, real, her delicate balance, she has consciousness of mission justified. And a force pulling her in opposite directions are perhaps as sized in Venezuela's precious historical possession it is indeed fitting the nation which is free in a dictatorship, simultaneously very rich and very poor, than the United States younger than any other d. cracy, continental and time at once, should tree above all other reminders past those two relics in the she so rightly glories: the of Bolívar, and the banner Pizarro.

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Is there a new Bard in the house?

Shakespeare, as we all know, was not really Shakespeare at all. He was Christopher Marlowe, Francis Bacon, Queen Elizabeth I—or somebody else with the same name.

For those who remain convinced that the Bard's true identity has yet to be disclosed, one of the latest far-fetched theories is Edward de Vere, Seventeenth Earl of Oxford. A play about this talented, but eccentric man's life, *Nothing True, but True*, opens tonight at the Overground Theatre, Kingston-upon-Thames, and its author, Darrol Blake, has assembled a mass of circumstantial evidence which, although it may well be demolished by Shakespeare scholars, at least provides an entertaining thesis.

Blake, a freelance television producer, became interested in de Vere through a meeting with Vice-Admiral Sir Ian McGeoch, who lives at Castle Hedingham, Essex, the former family seat, and through reading a book published in the 1920s by one J. Thomas Looney (a name which he admits is, in the circumstances, somewhat unfortunate).

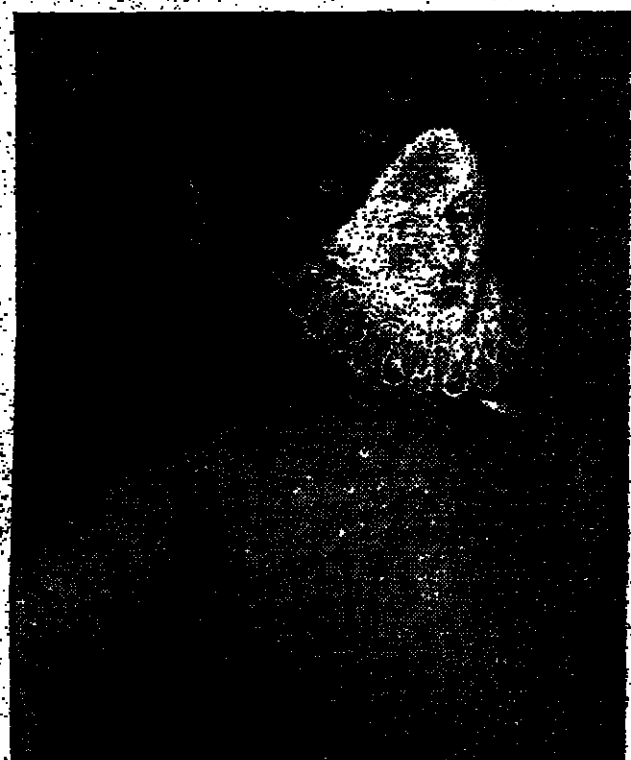
The substance of his theory is that de Vere, although an acknowledged poet, thought it would harm his standing in Court circles if it were to be revealed that he was also a playwright. In the days considered a reasonably safe trade, he therefore borrowed the name of an actor whom he had befriended and who, according to Blake, was barely literate. However, despite the use of an alias, he was evidently known to his contemporaries as the real author, since in the 1590s his name headed a list of

outstanding writers, whereas that of Shakespeare was not even mentioned.

Blake maintains that many of the plays portray incidents and characters in de Vere's own life: his father's early death and his mother's subsequent remarriage to a man he hated; his own unhappy marriage to the daughter of Lord Burghley, who is reputed to have been the model for Polonius; his violent quarrel with Philip, Earl of Arundel, who is said to have persuaded de Vere that his wife was unfaithful; his part in robbing Burghley's tax collectors at Gosford, an incident which was inserted into *Hamlet* as Henry IV, Part I; the family feud which surrounded his affair with a maid of honour at Court, Anne Vane; his travels in Italy which provided him with background for a gift of £1,000 from Walsingham at a time when he had squandered most of his estates, and which allegedly produced a spate of splendid pastoral poems which found mention in *Henry V*.

There are other fascinating pieces to the jigsaw: de Vere's friendship with the young Earl of Southampton, who was said to have engaged to his eldest daughter, the "Beltona" (Venus) bestowed on him for his supposed talents by Somerset and his father; the mysterious of all, a rare portrait of Shakespeare in the Folger Library in Washington which has been found to have been painted over an earlier portrait of de Vere.

John Young



Edward de Vere: alias Shakespeare?

THE TIMES DIARY /PHS

Problems of Nat picking in Scotland

Politicians searching for cracks in the remarkably robust structure of the Scottish National Party are watching with hope the wrangle over the senior vice-chairmanship of the SNP.

Margo MacDonald, the blonde and clever party strategist, has held the job without serious challenge since 1974. Her track record is regarded by many in the party as impeccable and she has a clear lead in numbers of nominating branches.

Janette Jones, vice-chairman of publicity, a Strathclyde regional councillor and parliamentary candidate for West Scotland, has entered the field; but the most controversial candidate is Douglas Henderson, the fiery right-winger from Aberdeenshire East.

The party has survived the last night of the gap and now has its stouly before it. The party is in the best interests of Scotland, they are in any particular political direction. This fight is unlikely to affect that issue, but there has been an undercurrent of disunity between London and Edinburgh and a feeling among the parliamentary group that the ebullient Mrs MacDonald has been hogging the limelight.

I am assured, however, that Mrs MacDonald will win. The belief north of the border is that all major planning should be done from a Scottish base and with a Scottish bias.

Ken Adam is the man whose gigantic sets have turned otherwise mediocre films into visual miracles. Most of the Bond extravaganzas carry his unmistakable signature. Now, for the first time, his work is to be seen in the theatre. His are the sets for *La Fontaine du West* which opens at Covent Garden on Friday, and my illustration shows his set design for Act III. Ironically, Mr Adam told me, his first theatre venture called for him to achieve the maximum in realism whereas in films he has aimed for the theatrical. He predicts that much of the current comment on his Covent Garden sets will be reserved for his leg cabin in Act II suspended between two rock faces and affording glimpses of a violent snow storm when the door opens. He praises the singers—Domingo, Neblett, Dobson. Crook et al for their bravery in surmounting the physical obstacles he has created. Some can be seen above.

Shock, horror, all in stereo

Bible News is an original concept which will make biblical history more immediately accessible by the masses. Well, that is the plan and Encyclopaedia Britannica (BN's sponsors) believes the 15-minute news broadcast "our reporter was present at the signing of the temple" which have been tape recorded and are on sale from today should give the golden oldies from the Bible a new appeal.

The format of the first 10 biblical bulletins (on five cassette and priced £14.95) follows a modern style. The reports are read and the discussions among experts are deeply meaningful (pace Bob Mackenzie and Tony Howard).

Only once or twice, listening to the tapes, did I feel that a Christian History was needed. The voice-over and the script, an Angela Rippon to present

the news. With the musical flashes, you need a bit of leg to distract you from the horrors that the Good Book has in store for you.

Gold is where you find it

Remember the Kruggerand? The gold coins used to be a favourite with small investors, but I am told there are none to be seen in the market these days. The premium for the coins over the gold price has gone little more than cover manufacturing cost—a clear sign of the lack of private investor interest.

Those bought coins at the peak two years ago have seen their sterling value maintained at just below £90, although inflation has eaten into the real value.

Investors who bought just before sterling's downward spiral last summer have done rather better; the 24 per cent rise in the sterling value of the coins has outstripped inflation since then. But the days when the Kruggerand's price had a life of its own seem to be over.

Dancing years of Isadora

Angie, with a penchant for dancing barefoot, in flowing Grecian robes, is subconsciously paying tribute to a remarkable woman who was born 100 years ago tomorrow. The century would not have occurred until next year if it had not been for a recent discovery.





Sifam meters and collet knobs feature on the control panel of this portable laboratory for analysing water quality which is made by Simac Limited of Walton-on-Thames.



"While we make our own commercial judgements, Midland's banking viewpoint is always valuable."

J. Ian McKenzie, Managing Director, Sifam Limited

Sifam Limited of Torquay are leading manufacturers of electrical measuring and indicating instruments and collet control knobs. Says Ian McKenzie, Sifam's Managing Director, "Ours is a bespoke business with 2,500 live accounts covering every kind of industry. They all need measuring instruments—known simply as meters—for uses as varied as the monitoring of heart/lung machines, the analysis of the composition of gases, and the complex multi-tracking of an LP by the latest rock superstar."

"Our business is about precision—in design and manufacture—and in planning our production to other people's time schedules. To run a company like ours successfully, we have to set high standards of efficiency and organisation. We budget down to the shoe laces. And we make the same high demands on our business partners."



Precision is Sifam's business: quality control is crucial.



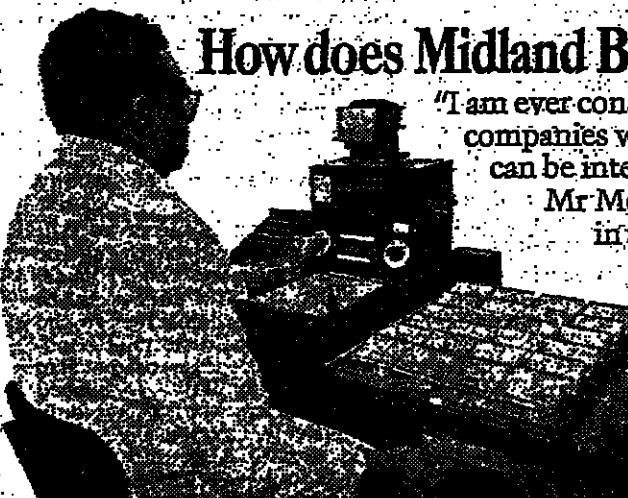
Purpose-built machines to produce made-to-order Sifam meters.

"We have dealt with Midland Bank for a long long time and never found them wanting in any way."

"We work very closely with the Midland," says Mr McKenzie, "so they have to have an intimate understanding of our objectives. They provide orderly and consistent responses to the fluctuations in our cash flow requirements. They have also facilitated the extensions to our factory premises. While we make our own commercial judgements, Midland's banking viewpoint is always valuable."

"The world is our market and Midland's support is truly international."

"Our direct overseas business comprises roughly 20% of our current turnover, and here Midland Bank expertise and depth of service are important. Through their International Division they are able to obtain assessments of the status of new foreign customers. They assist us with the feasibility studies we carry out before deciding to enter new markets."



Checking the accuracy of Sifam meters.

How does Midland Bank Group fit in?

"I am ever conscious that the Midland is a group of companies with a range of financial services that can be integrated to Sifam's needs," says

Mr McKenzie. "Forward Trust have helped in the purchase of large items of plant but where more appropriate

Midland Montagu Leasing have also been able to assist us. The Bank are always quick to get an opinion on a proposition from any company in Midland Bank Group."

A wide range of Financial Services

Whatever your company's size and style, or the kind of banking service you need, you'll find the Midland people good and businesslike to deal with. Your Midland manager can also help you with access to services provided by all the powerful companies that make up Midland Bank Group.

Services that include facilities for term loans, leasing, hire-purchase, merchant banking, equity capital for growth companies, international insurance broking and advisory services, international and export finance, travel, factoring, investment management and trust services. Also, for very large companies, Midland's Corporate Finance Division has a select team that can work directly with the company to make the best possible use of the wide range of Group services.

Talk to your local Midland manager—he can put you in touch with all the right people.



Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Finance Corporation Limited, Northern Bank Trust Corporation Limited, Midland Bank Trust Company Limited, Midland Bank Group Unit Trust Managers Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Guyerzeller Zuercher Bank AG, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited, London American Finance Corporation Limited, British Overseas Engineering & Credit Company Limited, Drake (UK) International Limited, Drake America Corporation, Export Credit Corporation.

Strong all round gains

ACCOUNT DAYS: Dealings Began, May 23. Dealings End, June 19. \$ Contango Day, June 13. Settlement Day, June 21.
\$ Forward business are permitted on two previous days.

- * Flat interest yield.
- * Ex-dividend.

MULTI-OFFICE CLEANING
DISTINCTIVE
LONDON
SERVICE
480 5354

Unemployment down by 7,200 and more jobs wait to be filled

David Blake
The unemployment figures for the week ending May 19, 1977, showed a further decline of 7,200, bringing the total down to 1,262,000 (5.5 per cent of the workforce). The May seasonally adjusted total for Great Britain was down 7,200 on the previous month. The unadjusted figure of 1,341,691 fell even more sharply, dropping by 8,000 from the previous month. The figures for the United Kingdom as a whole, however, showed a slight increase of 1,000, the largest monthly fall for years.

The May decline means that the first five months of 1977 have seen a total fall of 35,000 in the number of unemployed, a seasonally adjusted basis, four of them.

At the same time the number of vacancies waiting to be filled has continued the slow steady rise that began some time last year.

If these figures were to be taken on their own they might seem to suggest that the British economy has started to climb back towards full employment.

Whitehall economists, however, now wary of false dawns, note that the unemployment figure is still well above the level of 500,000 which would be consistent with a fully employed economy. They also note that the rate of productivity growth has been slow, and that the rate of inflation is still high.

For those who remain unemployed, the situation is grim. The average duration of unemployment has risen to 17 weeks, and the number of people who have been unemployed for more than 12 months has risen to 317,000. The number of people who have been unemployed for more than 24 months has risen to 150,000.

The figures also show that the rate of job creation has slowed down, and that the rate of job destruction has increased. This is a worrying trend, as it suggests that the economy is not growing fast enough to create enough jobs to keep up with the needs of the population.

Signal for end to dividend and profit margins restraint sends share prices racing ahead

Stock market has best day for five months

By David Mott
News of an end to dividend and profit margins restraint, albeit not for another year, gave the London stock market its best day for more than five months yesterday.

The FT Ordinary Share Index, already firm in pre-lunch trading on talk of an economic statement, made an immediate response to the news and by the close was 157 ahead at 472.2, back to within six points of the four-year high achieved last week.

The gilt-edged market was much less certain in its reaction and gave up earlier going of three-eighths to close at around overnight levels.

Equity dealers were rather surprised by the news, but there was no equivocation in the subsequent buying which spread over the whole range of the industrial market, with particular emphasis on companies with actual or supposed room to manoeuvre on dividends.

Typical shares like Beecham, Unilever, Associated Dairies, Hawker Siddeley, Shell and W. H. Smith, all of which gained more than 20p over the session. Though such issues were favoured over leading and medium-range companies were not neglected and also scored double-figure rises.

Dealers regard this latest development as something of a "bonus" and most were saying yesterday that any lingering doubts about the market's ability to go to 500 and beyond can now be forgotten.

The news was just what was needed to prompt a return by the institutions and most market men expect their continued interest for several days to come.

According to Datastream, share values rose by £1,848m yesterday to a total market capitalization of £55,597m.

The recent switch from gilt to shares reflected in official figures for the last account, which was the best for equities for two years.

The value of deals when compared with the previous period was up by almost 400 per cent. Total deals, including gilts, were £5,700m, against £4,600m.

Continuous controls in force since 1972

Investors have now been living with continuous dividend controls since 1972, and with intermittent attempts to curb payments to shareholders for eight years previous to that.

The present phase in the history of dividend control began in November 1972, when the Conservative Government called for a standstill as part of its attempts to secure union backing for its proposals to curb wage and price increases.

In January 1973 the standstill was replaced with a 5 per cent limit on dividend increases, which lasted until the middle of 1974, when the Labour Government lifted it to 121 per cent— ahead of a big rise in working capital requirements and a world recession which squeezed companies' cash flow that in most cases the new limit was redundant from the start.

In July 1975 the limit on permitted increases was lowered to 10 per cent, but concessions on payments linked to rights issues and takeover bids have resulted in average annual increases of considerably more than that.

Financial Editor, page 23

RTZ seeks further financing for Namibia uranium mine as costs soar by £20m

By Desmond Quigley
Capital costs of the controversial Rossing uranium mine in Namibia will be well over £20m above the original estimates because of problems encountered in commissioning the mine, Sir Mark Turner, chairman of Rio Tinto-Zinc, told the company's annual meeting in London yesterday.

The original £100m cost of the mine will have increased by £20m by the end of next month, and Sir Mark commented: "It is difficult at this stage to be precise about the amount of money which will be needed to bring Rossing up to its original design capacity."

The £20m has been funded by advances from RTZ, which has a 45 per cent equity stake in the mine. But further finance will be needed through the sale of the mine's shares.

Mr Shapua Kaukungus of the South West Africa People's Organisation, with Mr Alex Lyon yesterday.

RTZ at Rossing were due to design weaknesses in the machinery as well as the highly abrasive nature of the Rossing ore, with the result that maintenance costs had been extremely heavy and plant component replacement had been abnormally frequent, Sir Mark said.

Most of the 90-minute question time at the annual meeting was devoted to questions and lengthy statements on the morality of RTZ's Rossing investment.

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US agency loses appeal in suit over soya beans

Chicago, May 24.—The United States Commodity Futures Trading Commission has lost another round in its battle over soyabean futures trading with heirs of Mr H. L. Hunt, the Texas oil billionaire.

Eight judges of the full seventh circuit United States Appeals Court on Monday unanimously denied a Commission request for a rehearing into how many soyabean Mr Nelson Bunker Hunt, Mr W. Herbert Hunt and five other family members may accept against futures contracts that expired this month.

The Commission sought to restrict the family to a total of three million bushels, but a federal district court, and later three judges of the Appeals Court, denied that request. The Hunts are thought to be taking delivery of 10 to seven million bushels of the commodity.

Commission officials in Chicago said they had not decided whether to appeal against Monday's decision.

If they do not, the case goes back to the district court level. Hearings are to resume within the next two weeks into the Commission's original charges and Hunt family counter-claims.

The Commission alleges that the family members were acting together, rather than separately, when they speculatively bought more than 22 million bushels of soyabean futures earlier this year, or more than seven times the permissible limit under such circumstances.

The Hunts have countersued, accusing the Commission of a number of violations of futures trading and other Federal laws arising from the way the original charges were brought.

Monday's decision primarily concerned between six million and seven million bushels of soyabean futures delivered by the end of this month if the futures contracts are to be honoured in a normal way.

Trading in May, 1977 soyabean futures ended last Thursday.



Mr Nelson Bunker Hunt: Delivery of seven million bushels of soyabean.

Bank moves to support the pound

By Caroline Atkinson
Sterling was hit by an attack of nerves on the foreign exchange market yesterday and the Bank of England had to intervene heavily to hold up the rate.

Official sales from the pound were put at several hundred million dollars by some dealers.

A market rumour, apparently unsubstantiated, that the IMF team now in London wanted the pound to go down set off a bout of selling.

It was the worst day for the pound for several months. Selling was widespread, although dealers suggested that some of the loading of pounds by multinational companies was an important factor.

The pound's decline was held by the Bank's intervention to less than one cent against the dollar, and to 0.5 points on the effective trade-weighted index.

This is a small movement compared with the falls of two to three cents in a day which occurred during sterling's nose-dive last year.

But it showed clearly a recent change in sentiment about sterling. It is no longer widely considered as a strong currency, and could easily come under more pressure at its present rate.

Declining interest rates have been an important factor in the new uncertainty about the pound. But of more long-term significance is Britain's continued high inflation. The gap between inflation rates here and overseas is eating into the increased price competitiveness won by sterling's plunge in 1976.

It is known that the IMF believes that floating exchange rates should move to compensate for changes in prices. But it is unlikely that the small team now engaged in talks with the Treasury would make any strong recommendations to the Government on a suitable rate for the pound.

Further 600 jobs at risk

Trade union leaders last night warned of a "bombshell" if the set of some 600 redundancies at the Heston Road factory, a wholly-owned subsidiary of the Burton group.

The announcement of 4,000 redundancies at Burton's factory at Leeds and Warrington weeks ago.

The decision was revealed in a company memorandum sent to John Busby, chief executive (manufacturing) of Burton, who said that Mr Cyril Jackson, Burton's chief executive, had agreed the plan to cut 600 jobs at the Heston Road factory, and that the plan was "infill" as it was a "bombshell" if the set of some 600 redundancies at the Heston Road factory, a wholly-owned subsidiary of the Burton group.

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Leyland boosts truck output in Scotland

Production of trucks and tractors at Leyland plants in Scotland is to be substantially increased, it was announced yesterday.

The announcement was made by Mr Harold Musgrove, general manager of the newly-formed Leyland truck and bus group, which is to be formed by the merger of Leyland's truck and bus divisions in Scotland.

Leyland employs about 8,500 people in Scotland, 5,600 at Banchory, West Lothian, and nearly 2,900 at the Albion plant in Glasgow.

Mr Musgrove said that in the past two years just over £30m had been invested at Banchory and Albion.

"There is a bigger market for the vehicles than the numbers we can produce," Mr Musgrove said. "We are looking for a reduction from 1,000 engines a week to 1,500 engines. My business is to achieve targets. With investment, productivity will increase. I believe we can do better than we are doing."

The management is considering double shifts at the Banchory tractor plant to meet demand.

Mr Musgrove said most of the vehicles produced at Banchory were exported. "We are extremely fortunate that we have a responsible and stable labour force at both our Scottish plants. This, we believe, is one of the reasons for our success."

Mr Frank Chapple, general secretary of the Electrical, Electronic and Allied Trades Union (EEATU), said it was not intended to discuss pay.

Ocean bid for Hay's Wharf is off

Ocean Transport & Trading has abandoned its £22.5m cash bid for the distribution and property group. Proprietors of Hay's Wharf.

Earlier this month, Hay's Wharf directors, backed by the Kuwait Investment Office, which holds 34.5 per cent of the group, rejected Ocean's 135p a share offer as "totally inadequate".

Merchant bankers Morgan Grenfell, acting as advisers to Hay's Wharf, commented yesterday that despite further talks between the companies Ocean "would not budge from its original price".

As a result Baring Brothers, who have been advising Ocean, issued a statement to the Stock Exchange yesterday saying that "it has proved impossible to find a basis for agreement and the talks have been terminated". Hay's Wharf's shares fell 25p to 148p on the news.

Financial Editor, Page 23

Kellogg strike goes on

The 1,400 workers on strike from the Kellogg food factory at Trafford Park, Manchester, have voted to continue their stoppage. They met again yesterday. Workers walked out after one man had been sent home for refusing to operate a machine.

MPs' question on Drax

A number of MPs, probably up to 25, are understood to have tabled a question to the Prime Minister asking him when he proposes to announce an order for Drax B power station. The question, tabled by Mr Callaghan of his statement of May 12 that the order would go ahead "with minimum delay".

Power boards seek boost in July tariffs

A further rise in electricity charges from July is being sought by the electricity boards to compensate for higher coal costs.

They are expected to have submitted their application for increases—probably by about 3 per cent—to the Price Commission at the end of this week. The last increase, approved by the Price Commission in March, raised fuel bills by around 2 per cent.

Thistle field contract

Exploration and Production Services (North Sea), the North Sea services group, has won a £600,000 contract to provide specialized personnel for the continuous operation of the Thistle field platform production facilities due to go on stream later this year. The order was placed by BODL, the operating subsidiary of the British National Oil Corporation.

Plessey strike spreads

Production was halted yesterday at the Plessey telecommunications headquarters plant in Clarendon Road, London, when 2,000 workers walked out, causing another 1,000 to be laid off. They joined another 1,000 workers, members of the Electrical, Electronic and Allied Trades Union, already on strike over a pay and productivity offer.

Redundancy benefits

About 4,200 workers at Kaiser Steel Corporation's Fontana, California, plant are to receive special federal benefits because imports cost them their jobs. The Labour Department ruling enables the workers to register with state governments for special unemployment and training benefits.

Steel output down, page 22

Liechtenstein plea

Mr Toni Hilt, chairman of Liechtenstein's Chamber of Commerce and Industry, last night said it was "urgent and necessary" to modify the Principality's company law. His comment came as the result of recent financial scandals involving Liechtenstein-registered firms.

Banque Bruxelles

New profit of Banque Bruxelles-Lambert, Belgium's second largest bank, more than doubled in the year ended March 31 to 594m Belgian francs (about £9.2m) from 265,100 francs in the preceding year. The management proposes a dividend of 60 francs per share, up from 40 francs for the 1975-76 period. The bank's balance sheet total climbed 12.6 per cent to 528,000 francs on March 31 from 381,200 francs in 1975.

Electricity industry edges toward worker directors

The electricity industry took a tentative step along the path of industrial democracy yesterday with the establishment of a body, the National Joint Industrial Council for the Electricity Supply Industry in Britain.

The membership is drawn from the boards of the industry's statutory bodies, and nine trade unions representing 160,000 workers.

The council is to supersede the separate Joint Advisory Council for England and Wales and Scotland, which discussed matters after management had made decisions, not before.

Frank Tombs, chairman of the Electricity Council, is chairman of the council.

Antitrust court action for six oil groups

Washington, May 24.—The Federal Transportation Commission authorized its staff to take federal court action today against six oil companies that are resisting commission subpoenas for antitrust documents.

One of the companies, Texaco, has refused to comply in any manner with the FTC subpoenas, a staff source said.

The five other companies—Mobil Oil, Standard Oil of California, Atlantic Richfield, Standard Oil Co-Indiana and Shell Oil—have supplied only what they deem to be non-confidential documents.

FTC sources said the documents supplied represent only 10 per cent to 40 per cent of the materials sought.

The companies are among eight petroleum concerns involved in an antitrust case begun by the commission in 1973.

Compliance with the commission's initial subpoenas, issued last November, would produce a million pages of documents, the commission estimates. This material then would be used to help the FTC staff focus its second round of subpoenas.

AP-Dow Jones.

How the markets moved

The Times index: 189.65 + 6.00
The FT index: 472.2 + 15.7

Rises		Falls	
APV Hlds	23p to 43p	Hay's Wharf	25p to 148p
Ass Dairies	29p to 284p	Laurence Scott	21p to 106p
Beecham	24p to 488p		
Bomb	14p to 178p		
EMI	11p to 238p		
Fisons	15p to 36p		
GECC	9p to 190p		
GKN	10p to 38p		
Hawker Sid	25p to 63p		
Imp Chem Ind	12p to 404p		
Linford Hodge	15p to 285p		
Lucas Ind	19p to 317p		
Marchwiel	16p to 192p		
Midland Ind	21p to 291p		
Prestwich Pkr	20p to 45p		
Rio Tinto	8p to 221p		
Shell	20p to 52p		
Smith W H A	15p to 35p		
Sun Alliance	15p to 47p		
Thorn Electric	18p to 300p		
Unilever	25p to 491p		
Uni Dom Tat	3p to 29p		
Vickers	6p to 186p		
Wimpey G	5p to 59p		
Richardson W	5p to 59p		
Storey Bros	13p to 91p		

King & Shaxson LIMITED

Statement by the Chairman, Mr. T. S. Hohler, M. C. for the year ended 30th April 1977.

Your Company announced a satisfactory profit in the Interim Statement at the half year, and I am now happy to report a record profit from your Company's trading during a year when the Bank of England Minimum Lending Rate has risen from 10 1/2% to 15%, and fallen to 8 1/2%.

Your Directors report a net profit of £972,383 after a transfer to reserve for contingencies. Your Directors recommend a final dividend of 2.0488 pence per share making a total for the year of 3.0388 pence per share on the 9 million Ordinary shares of 20p each. This is the maximum increase the Company is allowed to distribute under the Government's anti-inflation policy.

A transfer of £100,000 has been made from the Profit and Loss Account to the General Reserve.

This profit has been made by running an extremely short but extremely large book. The risk of loss has been minimised by not investing in the longer bonds during a period of great uncertainty. A record turnover has produced the highest profit in your Company's history. Published net assets now stand at £6,005,674, and the inner reserves are also at record levels. It is interesting to note that the balance on Profit and Loss Account of £1,405,674 covers the net dividend at the present permitted rate of increase for well over 5 years.

I am once more pleased to report that King & Shaxson Fund Managers have had another good year. The rate of inflow of new business has been substantial. Investment in Gilts has now become fashionable in spite of very sharp fluctuations in interest rates. We continue to take a cautious approach to the market, for although general circumstances in the U.K. have improved we feel that some difficult times may still lie ahead.

During the past year your managers and staff have handled a record turnover with great accuracy and skill. I feel that you should be grateful for their contribution.

Copies of the 1977 Annual Report and Accounts may be obtained from The Secretary, King & Shaxson Ltd., 20 Cornhill, London EC3V 3BP.

Domestic VAT rates rise in VAT

May 24
A ruling West German tax authorities today decided the standard rate of added tax by only 1 per cent to 12 per cent at the beginning of next year, thus doing their plans for a 1 per cent rise to 13 per cent the 11 per cent rate now in force.

The ruling was a special meeting of tax experts from the Social Democratic and Free Democratic parties, as also decided to raise the reduced rate of VAT, which

Domestic VAT rates rise in VAT

in West Germany applies mainly to foodstuffs, by only half a percentage point to 6 per cent instead of 6.5 per cent.

The surprise decision must count as a blow to Dr Hans Apel, Germany's finance minister, who had been pushing for the higher VAT increases as a way of consolidating the Federal budget.

The new VAT rates, if they are accepted by both Houses of Parliament, will be insufficient to meet government revenue targets.

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Steering group calls for more investment and improved management

£11.3m rescue plan for footwear

By Patricia Tisdall

Government backing totalling £11.3m is recommended in the rescue plan for the footwear industry, proposed by the tripartite Footwear Study Steering Group yesterday.

State aid in the 55-point plan would be allocated mainly to improving management and design efficiency in manufacturing and be matched by equal investments by the industry.

The steering group, which stresses the importance of improved exports to the industry, asks for government help in getting overseas trade barriers removed as well as in dealing with unfair imports. It says that British manufacturers should double their export levels from a present level of 18 million pairs valued at £57m (representing about 13 per cent of turnover).

Faced with escalating import levels—which threaten to overtake sales of British-made shoes by the end of this year—and declining profitability, the

group is anxious to see its rescue proposals implemented quickly. Steps have already been taken to set up a footwear industry Economic Development Committee which would monitor the implementation.

Significantly, in view of the earlier friction which has existed between the two sides of the industry, it is proposed that this should include footwear distributors as well as manufacturers.

Set up by the Department of Industry in January 1975, the steering group includes representatives from manufacturers and unions, Government officials and four MPs.

Exporters have suffered from what they say has been the worst recession since the 1930s during the two years in which the report has been compiled. Annual sales have dropped by 27 per cent since 1964, and employment levels have fallen by about 36,000 to a present direct labour force of about 74,000.

Of these, it is estimated that 7,600 are being supported by temporary employment subsidies. The steering group calculates that over an 18-month period these subsidies would total a similar sum as that which is required for its rescue plan.

Of the total aid required, approximately £1m would be put up as risk capital to encourage the entry of new entrepreneurial manufacturing companies. A further £3m would be used in capital participation in footwear export marketing companies, probably through the National Enterprise Board.

An annual proposal, adopted unanimously by the steering group from the Economists Advisory Group report, was for state assistance to inject new managerial talent into the industry. The recommendation is that the Government should pay up to half the salary of up to 35 senior executives recruited from other fields.

Another imaginative proposal is intended to improve the design of British footwear which the report says is "unattractive and lacking in flair". This is for the use of public funds to help freelance footwear designers either working independently or in association with each other.

Apart from general revitalization, the report also looks for Government support to the conduct of an "integrated review" of manufacturers' operations. It recommends the setting up of a scheme whereby shoe manufacturers could carry out a total audit of their operations. This should pay particular attention to management structure, marketing and design functions, factory organization, production methods as well as financial control and management accounting procedures. The audit would be carried out by consultants, and would include recommendations for changes felt to be desirable to improve overall performance.

Until July last year the corporation's borrowing ceiling was set at £2,000m, but in view of the sharp increase in the cost of financing the 10-year variable rate since it was first approved five years ago.

Mr Varley's plan to raise the ceiling to the maximum will almost certainly come under fire from the Opposition since it was only a year ago that ministers indicated that the new limit was felt to be sufficient for the next three years.

Initially the new limit was set at £3,000m, but the legislation provided for the total to be raised to the maximum of £4,000m.

Bill will raise BSC's borrowing to £4,000m

Bill will raise BSC's borrowing to £4,000m

By Our Industrial Correspondent

The Government plans to raise the borrowing limit of the British Steel Corporation to £4,000m later this year. Mr Varley, the Secretary of State for Industry, will seek parliamentary approval for the increase before the summer recess.

This move was foreshadowed some weeks ago and reflects the spiralling costs of the BSC's development programme, which has been the subject of considerable delay since it was first approved five years ago.

Mr Varley's plan to raise the ceiling to the maximum will almost certainly come under fire from the Opposition since it was only a year ago that ministers indicated that the new limit was felt to be sufficient for the next three years.

Initially the new limit was set at £3,000m, but the legislation provided for the total to be raised to the maximum of £4,000m.

LETTERS TO THE EDITOR

The spin-off benefits from the added value of UK goods and services

From Mr Gwyn Roberts, MP for Carmarthen (Labour)

Sir, "Buy British" is a familiar cry and even in a period of improving balance of payments it is highly desirable to trim the import bill. Government departments should in theory give preference to goods and services provided by British firms. Unfortunately, there is considerable evidence that public sector contracts are frequently offered to foreign competition when there is a feasible and equivalently priced British alternative.

There are strong arguments against import controls, and one alternative which is offering itself to ministers in a series of House of Commons questions is that of asking the goods and services are offered. This is a measure of the part of the price arising from work or components emanating from United Kingdom sources. It is clear that United Kingdom added value provides direct benefit to the Treasury and thus the taxpayer as well as providing United Kingdom jobs.

If we are considering as an example a Ford Anglia 700 complete which costs £1,200, imported high technology integrated circuits where these constitute between 10 per cent and 20 per cent of the total value, the computer itself, then the rest of the quoted price is attributable to work and components from United Kingdom sources. Therefore, in this case the United Kingdom added value is between 50 per cent and 90 per cent thus providing a substantial contribution to the economy and to people's jobs.

An equivalent American computer is imported as a complete package, and the price of which in the United Kingdom includes overheads attributable to maintenance and service engineers, sales engineers, and administration. This probably amounts to 10 per cent and 15 per cent of the total cost and therefore the United Kingdom added value is only of this order and the remaining 85 per cent of the total cost is paid to the United States.

It is not surprising that our school leavers are not attracted to entering wealth creating industries when a vast government machine is used to bias them, albeit unintentionally, with such overwhelming propaganda. Unless the manufacturing industries in this country, through the CBI and similar organizations, can publish information that will attract young people into their industries, our children will leave school with no knowledge, or understanding of their real choice in future employment. Perhaps this is one of the reasons why we have seen such movement towards non-productive occupations in this country over the last 10 years.

This country lives by its wits, both technical and financial, and although it requires an infrastructure to make this possible, it is ultimately paid for by industry itself.

Surely more effort should be made to attract young people into wealth creating jobs, rather than adding to our burden.

Yours faithfully,
MARTIN LEWIS,
Managing Director,
Callibury Marine Electronics Limited,
Somerset Road,
Gwent NP4 1QX.

its as it continually reminds purchasers of their patriotic responsibility in terms of money and jobs when placing contracts.

Yours sincerely,
GWYN ROBERTS,
House of Commons,
London SW1A 0AA,
May 19.

From Mr E. G. Wood
Sir, May 17 for his support for my proposal to use added value for pay policy, an idea I first suggested in October 1973. However, I hope that his recent change of mind will not deter me from paying more attention to added value.

Dr Jones is right in saying that the census sales figures involve some double counting. In fairness to the compilers, the census reports do say "to the extent that sales of one establishment constitute the materials purchased by another, total figures of value of sales include an element of duplication. In some industries, this duplication is substantial and aggregates of the figures for a number of industries contain significantly greater amounts of duplication."

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Western steel output down 5.9pc in April

By Peter Hill

Industrial Correspondent

Steel production among member countries of the International Iron and Steel Institute fell 5.9 per cent last month compared with March, and was 3.2 per cent lower than a year earlier.

Figures issued yesterday by the Brussels-based organization showed that production in the first four months of this year was 0.6 per cent down on the same period last year.

Total steel output in April was 36.3 million tonnes compared with nearly 38.5 million tonnes the previous month. The institute noted that the United States was the only major steel producing nation to record a rise during April, by about 1 per cent to 10,121,000 tonnes from 10,023,000 tonnes in March.

In the EEC area steel production in April fell by 12.3 per cent on the March level, while the Japanese recorded a 4.1 per cent drop.

Japanese fears: Japanese steel-makers intend to ask the Government to seek talks with the United States on steel exports to that country, industry sources said yesterday in Tokyo.

They said the steel industry feared the recent Japanese-United States agreement limiting sales of Japanese colour television sets on the American market might induce the United States Administration to seek similar curbs on steel imports.

Japan's steel sales to the United States rose 31 per cent last year.

Limit pledge: Herr Wilhelm Haterkamp, European foreign affairs commissioner, said yesterday that Japan had given him a "binding promise" that limits on its steel exports to the EEC would be observed.

Herr Haterkamp said that an increase in Japanese steel exports to the EEC in the first quarter of this year would be met by lower exports in the rest of the year.

Quotas study: President Jimmy Carter has decided to order a study of the economic impact of terminating or easing the import quotas on special steel products imposed last year.

The 1974 Trade Act requires that the President request an economic study by the United States International Trade Commission and the Secretaries of State and Commerce before terminating or reducing import relief.

Whether the study will lead to a decision to end the import quotas—strongly opposed by the European Community—remains to be seen. But one source predicted that it would take some "pretty strong advice" to dissuade the Carter Administration from taking such action.

Peter Hill writes: Calls for major governments of the Organization for Economic Co-operation and Development to approach talks on the problems of the international steel industry with positive attitudes and a commitment to identifying and seeking solutions to steel problems have been made by the American Iron and Steel Institute.

Mr Frederick C. Langenberg, president of the institute, said yesterday that there was a need for specialized international government forum to deal with steel trade issues.

In an interview published in the latest issue of the industry journal, *Metal Bulletin*, he reaffirms that American steel producers planned to continue to press for legal remedies to cope with the flow of imports into the United States.

OECD experts study impact of oil deficits

By David Blake

Economics Correspondent

Top monetary officials from the West's industrial nations will meet in Paris today for detailed study of how the West has coped with the huge problem to its balance of payments caused by the 1973 increase in oil prices.

As the experts meet, in the forum of the Organization for Economic Co-operation and Development's Working Party there, the dominant mood among them is likely to be that exchange rate alterations have been a desperate measure which inflation in the past few years, and that most of the strain of adjustment has gone on to the traditional policies of demand management.

Many of the experts, who come from 24 leading nations, seem to feel that success in getting rid of the payments deficits which occurred everywhere in 1974 has depended on the level of economic activity of individual countries. Those countries which have clamped down on their own economies have either moved into balance or are running large surpluses; those who tried to maintain full employment have failed to record great improvement.

The meeting is also expected to look at the experience of both the United Kingdom and Italy, whose performance has been improving on the payments front, but at the cost of severe restraint on their economies in recent months.

The meeting is expected to look at the detailed issues raised by the experience of some of the most important OECD countries. The move of the United States to heavy deficit, possibly as much as \$20,000m (£12,000m), has important repercussions for all the other OECD nations and for the oil-producing countries as well.

State action has helped other OECD nations in a weaker state, but it has also reinforced the surpluses of countries like Japan.

Ever more important, much of the increase in the American deficit has been caused by a surge in imports of oil from the nations of the Organization of Petroleum Exporting Countries, so that while the Americans have been shouldering a growing share of the West's deficit with the oil producers, it has also been increasing the scale of that problem.

The meeting is also expected to look at the experience of both the United Kingdom and Italy, whose performance has been improving on the payments front, but at the cost of severe restraint on their economies in recent months.

UK shipping industry attacks proposed state aid to attract £130m Polish orders

By Michael Bailey

Shipping Correspondent

British shipowners are watching with deep suspicion the proposed deal with British Government backing to build 22 ships worth £130m for Poland. They fear that the undoubted help it would bring to Britain's starving shipyards could be at the expense of the far larger and more economically important shipping industry.

Representations have been made to the Government by the General Council for the British Shipping. Spokesmen for the council said yesterday that they did not want details of the scheme to be leaked by joint British Shipbuilders/Polish ownership or some other means. Ships would be getting the ships cheap, thus increasing their already fierce competitiveness with British shipping and adding to the world ship surplus.

"On the face of it the terms seem more attractive to home buyers," the council's latest annual report says today. "This cannot be intended and certainly should not be allowed."

Shipbuilders made strenuous efforts during the shipbuilding nationalization debate to stop the state shipbuilding industry encroaching on shipowning and management. Proposed ownership of the 22 ships by British Shipbuilders and the Poles, for charter to Poland's merchant line, seems even worse.

Poland is already regarded as a thorn in the flesh of British lines through cuprice competition along with the Russians in the East African and other trades.

Lord Inchcape, the council's president, yesterday gave warnings on both shipbuilding subsidies and Eastern block competition, calling for a cut of 30 to 50 per cent in world shipbuilding capacity. "There are too many yards chasing too few orders, and too many well-intentioned subsidies by governments around the world will alter that fact," he said.

Eastern block competition on world liner trades had been getting steadily worse in the past years, the council says. "This is the only hopeful sign that is that the council has been and is becoming aware of this."

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Lord Inchcape: too many yards chasing too few orders.

Western, and particularly European Community, governments were at last facing up to the threat and taking powers to combat it.

France, Holland, and Germany had already taken powers similar to Britain's to retaliate by banning or taxing cut-price Russian ships, and Japan was doing so now.

New approach to company deferred tax put forward

By Christopher Wilkins

New proposals for the treatment of deferred tax in companies' accounts, which are likely to have far reaching effects on corporate balance sheets, have been put forward for consideration by the accountancy profession.

The proposals take the form of an exposure draft (ED19) from the Accounting Standards Steering Committee, which represents the principal accountancy bodies in Britain and is responsible for drafting new accounting standards.

The draft is intended to lead to a replacement for a previous standard on deferred tax, SSAP11, which was introduced in August 1975 but has since run into serious criticism.

The key feature of the new draft is that in future companies should only account for deferred tax when there is a clear timing difference between the timing of a tax liability and the actual payment of it. The vital change from SSAP11 is

that companies should no longer provide for deferred tax when it can be positively demonstrated that there is no probability of the tax becoming payable in the foreseeable future.

This question has been at the heart of the dissatisfaction with SSAP11, which required that the profit and loss account should show tax at full United Kingdom and overseas rates before any allowance either for capital spending or for relief on stock appreciation.

Because of the rapid rate of inflation stock appreciation, in particular, has become an increasingly important factor in many companies' profits.

Although, strictly speaking, stock relief might ultimately be payable as tax, the Chancellor has said that companies will not actually be expected to pay it.

As a result, the deferred tax item in companies' accounts has come to assume less and less relevance to their real tax liabilities.

Financial Editor, page 23

Credit squeeze by Emirates to curb inflation

By Ann Fyfe

Dubai, May 24

A tight credit squeeze has been imposed on banks in the United Arab Emirates as the currency board announces a number of measures aimed at controlling inflation and strengthening the UAE dirham.

The board estimates that inflation was running at a rate of about 30 per cent in 1976 but that it would be reduced to 15 per cent over the past three years.

The inflationary spiral is fuelled by the rapid expansion of bank credit to the construction sector and the import trade. Money supply expanded by 80 per cent last year.

Because of stiff competition between the 45 licensed banks, practices on the part of some of the new, small banks have given rise to concern.

A reserve requirement of 5 per cent of assets in local foreign currency holdings, to be lodged with the board, was introduced a year ago but following a meeting of the currency board yesterday this requirement was increased to 7.5 per cent of assets.

No licences will be issued until further notice to any bank or financial institution of any kind.

Since the currency board's moratorium on new foreign banks was extended last year to include new local banks, a number of attempts have been made to lodge with the board. The board's reiteration of its decision is seen as a strong warning that no more attempts will be countenanced. It includes for the first time financial institutions other than banks.

Careers in wealth-creating jobs

From Mr C. M. C. Lewis

Sir, Recently I attended my daughter's school for a discussion with the staff on her future career.

Laid out on a large table were many pamphlets and booklets, all related to careers in governmental and public sector occupations. Only one of them was in any sense wealth creating and that was a pamphlet by the National Coal Board.

It is not surprising that our school leavers are not attracted to entering wealth creating industries when a vast government machine is used to bias them, albeit unintentionally, with such overwhelming propaganda. Unless the manufacturing industries in this country, through the CBI and similar organizations, can publish information that will attract young people into their industries, our children will leave school with no knowledge, or understanding of their real choice in future employment. Perhaps this is one of the reasons why we have seen such movement towards non-productive occupations in this country over the last 10 years.

This country lives by its wits, both technical and financial, and although it requires an infrastructure to make this possible, it is ultimately paid for by industry itself.

Surely more effort should be made to attract young people into wealth creating jobs, rather than adding to our burden.

Yours faithfully,
MARTIN LEWIS,
Managing Director,
Callibury Marine Electronics Limited,
Somerset Road,
Gwent NP4 1QX.

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Gwent NP4 1QX.

Drax 'B' debate

From Mr R. C. Budenberg

Sir, I have been fascinated by correspondence about Drax "B".

Power, Station and whom the supplier who can design, manufacture, and install equipment to meet customers' requirements in terms of price, efficiency, and very close and reliability should be the order.

The CEGB are doubtless considering their requirements to 15 years ahead and if I wish to use Drax "B" to experience with a more advanced type of boiler, I blame or generator they should say so.

If the Government wish to maintain employment in this area they can tilt the scales in favour of that area by using the regional employment minimum. To use any other criteria on selection of suppliers would be to penalize designers, workers and a ton staff who get and fit orders in competition with overseas manufacturers.

Judging by previous responses the order will be placed with the supplier who has the most serious union leader in his or the supplier who is represented by the most influential member of Parliament.

I write as a fringe supplier to the power generation industry who is anxious to assist the efforts of the major suppliers.

Yours sincerely,
RICHARD C. BUDENBERG,
PO Box 5,
Alchurcham,
Cheshire WA14 4ER.

Equities, inflation and capital gains

From Mr Alan Firth

Sir, Your correspondent Mr Musiano (May 3) makes a good point regarding the low yield on equities. But did he look at his capital gains position?

I invested £6,000 in early 1973 and realized the investment in 1976 for £11,000. I have no accurate figures on the fall in value of the £6 but 85 approximate figures are that £1,762 in 1973 is now worth £1. A simple bit of inflation accounting shows that I made a capital gain of £5,000, but £2,431 yet I have to pay capital gains tax on £5,000.

So that my net realization value is £9,569. This figure in 1973 values is worth £5,392 so I have lost the equivalent of £608 on my original £6,000 investment. This is the reward for investment.

Inflation is clearly an unfair tax imposed on savers and those on fixed incomes. The amount of the tax can be calculated from the loss of the value of money.

Yours faithfully,
ALAN FIRTH,
36 Cherry View Road,
Guildford,
Surrey,
May 17.

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Yours faithfully,
ALAN FIRTH,
36 Cherry View Road,
Guildford,
Surrey,
May 17.

From Professor Michael J. French
Sir, Your correspondent Mr French (May 18) asking for evidence that engineers were comparatively worse off than other "good" persons, or that increasing their rewards would enhance Britain's chances of economic success.

I wrote (April 25) mentioning evidence that engineers are paid relatively much less in comparison with other professions in the United Kingdom than among our competitors.

Our engineers are conspicuous by their dependence on engineering skill except those where engineers' salaries are higher, and thirdly, that very many engineers leave the profession for better pay and conditions.

By ignoring parts of the evidence, Mr Frenchfield in his second letter (May 2) manages to find support in the rest of it for the hypothesis that there is a surplus of engineers in this country; he also implies that the poor quality of their work is the cause of this.

The board's reiteration of its decision is seen as a strong warning that no more attempts will be countenanced. It includes for the first time financial institutions other than banks.

Why, does he think, do not these unfortunate companies which are failing because of

the poor quality of their engineering, compete with the others for good jobs, failing that, import them from abroad?

Why does he think foreigners seek United Kingdom engineers to fill positions in non-English-speaking countries as he may see any day in appointments advertised? Why are salaries higher in civil engineering, where there may well be an over-production problem?

According to the DoI, we have only about one-sixth as many engineering graduates relatively as our competitors have working between the drawing-board and the market place, and the fraction in some of our industries has been much less, for example in the machine tool and motor industries.

Above all, in motorcycles, and shipbuilding until recently, we have hardly employed any engineering graduates at all and the Japanese have employed very large numbers.

Yesterday the *Sunday Times* carried a Japanese advertisement for a senior diesel engine designer; diesel engines is an area where we are having some success at present.

Yours faithfully,
M. J. FRENCH,
Department of Engineering,
University of Lancaster,
Lancaster,
May 2.

In more space, avoid could be provided that we care about it enough to not thoroughly enough above all, we do not see them in large enough numbers and in high enough positions of the most able engineering graduates have never even enter, the position.

Most European countries teach engineers for about years at university against our three, and it takes all five years to much less theoretical demanding subject—not to suggest they do not need it in positions where our engineers rightly put engineers, pure scientists, technicians—anybody, in who knows nothing about the most important issues. And the fact is that the economists, that they are doing better than we are.

Yours faithfully,
M. J. FRENCH,
Department of Engineering,
University of Lancaster,
Lancaster,
May 2.

Insurance Brokers seek powers of sanction to ensure highest professional standards

REPORTS CIB PRESIDENT

Extracts from the Presidential address by Francis Perkins, DSC, President, The Corporation of Insurance Brokers

● The insurance broking industry has always been proud of its independence and until recently we were in the happy position that we could get on with our business without having to pay attention to Government attitudes or to learn the new techniques of a continuing dialogue with Whitehall. This has changed because the public attitude to insurance has changed.

● The House of Lords is now considering a Bill which, if it becomes law, will carry us towards the professionalization of this industry. It is a Bill which will give the industry the powers of sanction to ensure that our industry commands the respect which I believe the huge majority of those who strive in it both today and in the future have earned and to which they are entitled.

CIB

The Corporation of Insurance Brokers,
15 St Helen's Place, London EC3A 6DS, 01-583 4287

FINANCIAL NEWS

Margins lower but Samuel has another fine year

Tony May, the first-half setback at Samuel, the jewellers and ornaments, was shaken off in last half as the group ends year to January 1 with its January record result. Turnover, including VAT, rose 13 per cent to £51.2m and pre-tax profits to £7.7m. This was a 10 per cent increase on the £7.0m of the previous year. The group's share price rose 13p to 19.52p. The dividend was 1.5p. The group's share price rose 13p to 19.52p. The dividend was 1.5p. The group's share price rose 13p to 19.52p. The dividend was 1.5p.

year saw pre-tax profits fall from £2.1m to £1.6m. The board explained that the preceding year saw the normal pattern of trading disrupted by exceptional sales in April 1976 following the advance notice of an increase in VAT. Much the biggest slice of profits comes in the second half, which includes the vital Christmas period. Pre-tax profits for this period, more than made up for the interim dip with a 17 per cent rise to a record £7.3m. The group recently disclosed that it has been a major long-term holder of shares in Ratners (Holdings) its rival for the title of the biggest jewellery chain-store in Britain. Allowing for Ratners one-for-two scrip issue, Samuel and its pension fund control about 19 per cent of the Ratners equity. The board of Samuel has made it clear that the stake had been acquired six years ago and had not varied since. The directors added that there were no plans to increase the interest or to bid.



Sir John Hunter, chairman of Swan Hunter.

Swan Hunter extends to meet change

Swan Hunter, the largest shipbuilder to be taken into the nationalization net, has extended its current accounting period by six months to cover the period from January 1, 1976, to end-June next.

The extension is intended to present accounts which will show the effects of the part change of ownership. The balance sheet will reveal the strength of the subsidiaries which will remain in shareholders' hands, on which the future development of Swan Hunter will be based, and the net book value of the subsidiaries for which compensation will be receivable from British Shipbuilders after they have vested on July 1, 1977.

Profits will include the earnings of the non-nationalization candidates together with dividends due from those parts which will be taken over, and whose loss of earnings in the period after July 1, 1977, will be exchanged initially by income from the compensation stock.

Mr Anthony Wilson, a senior partner in the accountancy firm of Price Waterhouse, has been appointed to act as a stockholders' representative as defined in the Aircraft & Shipbuilding Industries Act, 1977, for the compensation negotiations.

These are expected to begin shortly after vesting day to determine the value of the vesting subsidiaries.

In view of the extension, a second interim dividend of 5.38p gross is declared.

One-for-6 rights from buoyant Bemrose

Ray Maughan, managing director of Bemrose, is throwing a one-for-six rights issue at 40p a share to a £750,000. The new funds to be raised at a 20 per cent discount to the overnight market price of 60p.

Capital spending reached over £1m in 1976 on re-equipment, modernization and the

aging cycle and Bemrose's problems on entry into the heat transfer market in 1973. In 1976, the second half of 1976 showed some shortfalls in that pattern, the signs this year point to pronounced acceleration. No divisional breakdown is given. But it seems that both printing and the flexible packaging divisions are currently maintaining last year's progress. Yet the potential for recovery elsewhere may act as a greater profits filler. The gravure printing division was hurt by a major demand drop in the autumn of 1976 but there are now early signs that orders for primed polyester fabric, on which gravure transfer printing depends, are improving. The gravure division, in the red last year, has a stronger workload than at any time during the last 18 months.

The board forecasts a 40 per cent rise in the total gross dividend for 1977 at 5.8p per share, where the yield, at 4.4p by the close yesterday, is just over 12 per cent.

International

Big drop in first qtr for NYSE firms

New York, May 24.—The New York Stock Exchange estimates first-quarter net profit of member firms doing business with the public declined by 84 per cent to 7m from \$215.1m a year earlier.

The 1977 period was marked by a drop in volume in most of the securities business. Some 263 firms of the 375 listed at a profit in the first quarter and 112 losses.

Mr. Halsey Stuart, subsidiary of the second biggest listing house in New York, said a drop in third-quarter profits from \$53m (about £3m) to \$45,000. The time money was \$3.8m against \$5.8m.

Commenting on the third-quarter results, Mr John E. Halsey, chairman, said that earnings were significantly affected by a decline in revenue, principally from reduced commissions.

Folkestone offer

A £600,000 placing of 124 per cent debentures, 1984, has been completed by Folkestone & District Water Co at a price of 105p. A debenture issue has been chosen instead of the more familiar preference issue because Folkestone may shortly find itself coming to the end of its tax relief and at that point will find a debenture more advantageous for tax reasons. The issue seems likely to open at a small premium when dealings begin on Friday. Brokers are Seymour Pierce.

Uniflex up 10pc

An 11 per cent rise in second-half profits to £307,000 brings the pre-tax total for the year to January 31 to £534,000 at Uniflex Holdings. This is a rise of nearly 10 per cent by this furniture group, and was achieved on turnover 5 per cent ahead at £10.3m. This points to a rise in margins from 5.7 per cent to 5.15 per cent. Earnings a share are raised from 9.24p to 10.56p and the dividend goes up from 3.85p to 4.23p. The board has made a provision of £27,500 against an investment in a quoted company to write down its cost to The Stock Exchange mid-market value at March 31.

Trans Ppr's £1m

Against a background of pre-tax profits of a cool £1.52m against £414,363 for the year to April 2 Transparent Paper un-

Dealings inquiry after Storey Bros bid talks end

Storey Brothers, the personal and home decor specialists, yesterday announced that discussions that might have led to a takeover bid being mounted for the company had been terminated because no agreement had been reached.

The shares fell 13p on the Stock Exchange to 91p. The Stock Exchange is currently investigating dealings in the shares of Storey after the shares rose quickly two weeks ago from 67p to 83p. Last week the shares reached 118p.

Local authorities

Down again this week goes the coupon on the local authority bonds. This time the rate on one-year bonds is 9 1/2 per cent issued at a discount of 1-16 to give a real interest rate of 9-16 per cent. The GLC is the biggest borrower with £2.5m followed by Bristol with £1.5m and Angus, Nithsdale and Swansea with £1m apiece. Epping Forest and Lothian have 2-year bonds while Blaenau Gwent, Greater Manchester and West Lancashire are borrowing over three years. The longest bonds are for Brent, and St Edmundsbury, both for five years.

Bid for W'ton Die

In an agreed deal, Mitchell Somers is offering 24p cash a share for Wolverhampton Die Casting. There is a share alternative of five shares of Mitchell for every eight Wolverhampton. The offer is worth about £1m, and compares with a market price of about 26p before the news. Preference shareholders will be offered one ordinary Mitchell share for each 5 per cent share. The Wolverhampton board will accept the offer on its 8 per cent stake, as will Kleinwort Benson on its 21 per cent holding.

Trans Ppr's £1m

Against a background of pre-tax profits of a cool £1.52m against £414,363 for the year to April 2 Transparent Paper un-

Bond prices (midday indicators)

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COMMODITIES AND MARKET REPORTS

Reaction to uptrend in cocoa prices

Cocoa prices opened £28 to £29 per tonne down yesterday morning. Market sources had anticipated a lower opening following a rather quiet and easier New York market.

During the call there was some short-covering resistance. Spot May down but buyers later backed away under local selling and long liquidation orders. The 540 limit down was reached mid-morning in July and December.

There was no fresh news and dealers regarded the move as a reaction to the uptrend, particularly as there was no apparent rush to cover in May which has recently been the market leader in view of the tight near by physical supply situation.

Prices continued to fall after the early limit down move under profit taking which touched off some stop-loss orders. By the end of the morning there were losses of £116 to £96 with near May trading at £3,025 and July at £2,645.

Dealers said the market was rather thin with buyers hesitant. At the afternoon close prices had fallen further. Spot May was £194.75 down and July had lost £158.50.

COPPER was steady. Afternoon cash was £172.50, up from £172.00. Three months £173.50, up from £173.00. Six months £174.50, up from £174.00. July £175.50, up from £175.00. December £176.50, up from £176.00.

There was a slight uptrend in copper prices after the early limit down move. The market was thin and buyers were hesitant. At the afternoon close prices had fallen further.

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Washington talks on new wheat pact

Washington, May 24.—Leaders of the United States Agriculture Department, farm organizations and the grain trade generally have agreed here that the United States should actively go after a new international wheat agreement, but at the same time recognized that it may not be attainable.

This consensus emerged after talks between farm and trade leaders and Mr. Dale Hathaway, Assistant Agriculture Secretary for international affairs. Mr. Bob Bergland, the Agriculture Secretary, joined the meeting.

Mr. Hathaway said the United States was not going to be in a position to be very definitive at next month's meeting of the International Wheat Council, because it would not know what domestic authority it had for entering into a new farm legislation was settled (not expected before late August or September).

Mr. Bergland said it was extremely important, both for consumers and producers, to try to work out some kind of international arrangement or understanding. But negotiations might only result in some kind of gentlemen's agreement, with no court or other jurisdiction to maintain the rules.

For this reason, it would be necessary to write a set of rules to cover any contingency. "If we cannot write an agreement, we will have to go to court or other jurisdiction to maintain the rules," he said.

Mr. Bergland said the United States was not going to be in a position to be very definitive at next month's meeting of the International Wheat Council, because it would not know what domestic authority it had for entering into a new farm legislation was settled (not expected before late August or September).

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Foreign Exchange

Sterling yesterday suffered one of the heaviest attacks of selling in foreign exchange markets for some months, forcing the Bank of England into a two-pronged intervention operation to support its currency.

The Bank intervened directly to buy its currency in spot transactions, where sterling closed at 1.7167 against the dollar from 1.7173 on Monday. Simultaneously, it acted to drive up the cost of short-term Eurosterling interest rates through the currency market, dealers reported.

Short-term Eurosterling interest rates jumped up to between 14 and 15 per cent by the close of trading.

Its operations also resulted in a sharp rise in the discount on forward sterling, where the six-month position was changed at 61.5 widened to 305-235 basis points.

The Bank of England's effective monetary position today is expected to be short again, mainly due to a very heavy tax position.

Money Market Rates Bank of England Minimum Lending Rate 5.75 (Last changed 20.07.76) Treasury Bills (181/4)

Overnight 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Prime Bank Rate (181/4) 2 months 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Local Authority Bonds 1 month 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Government Bonds 1 month 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Forward Levels New York 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

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Paris 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Frankfurt 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Geneva 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Zurich 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Basel 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

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Discount market

There was a sizeable shortage of credit on Lombard Street yesterday, mainly because of large tax payments. The Bank of England was eventually required to provide a very large scale, channelled via purchases of Treasury bills directly from the houses.

Money moved in some volume initially, with houses paying in the region of 61 per cent. However, conditions tightened swiftly when the official view filtered through that there was a shortage on the day.

Even after the authorities' help, closing balances were being found at between 7 and 8 per cent. Bank balances were a shade up overnight, providing the market with its one plus factor. Against this were set a substantial excess of Revenue transfers to the Exchequer over government disbursements, a net take-up of Treasury bills, and a modest rise in the price of Treasury bills.

Today it is expected to be short again, mainly due to a very heavy tax position.

Money Market Rates Bank of England Minimum Lending Rate 5.75 (Last changed 20.07.76) Treasury Bills (181/4)

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Prime Bank Rate (181/4) 2 months 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Local Authority Bonds 1 month 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Government Bonds 1 month 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Forward Levels New York 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

London 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Paris 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Frankfurt 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Geneva 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Zurich 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Basel 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Bern 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

St. Gallen 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Appenzel 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Valais 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Neuchâtel 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Geneve 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Lausanne 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Yverdon 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Nyon 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Vevey 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Cham 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Geneve 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Lausanne 1 month 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Spot Position of Sterling

Market rates (day forward) New York 1.7167 London 1.7167 Paris 1.7167 Frankfurt 1.7167 Geneva 1.7167 Zurich 1.7167 Basel 1.7167 Bern 1.7167 St. Gallen 1.7167 Appenzel 1.7167 Valais 1.7167 Neuchâtel 1.7167 Geneve 1.7167 Lausanne 1.7167 Yverdon 1.7167 Nyon 1.7167 Vevey 1.7167 Cham 1.7167

Overnight 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Prime Bank Rate (181/4) 2 months 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Local Authority Bonds 1 month 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Government Bonds 1 month 5.75 3 months 5.75 6 months 5.75 12 months 5.75

Forward Levels New York 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

London 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Paris 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Frankfurt 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Geneva 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Zurich 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Basel 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Bern 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

St. Gallen 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Appenzel 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Valais 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

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Vevey 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Cham 1.7167 3 months 1.7167 6 months 1.7167 12 months 1.7167

Wall Street

New York, May 24.—Prices on the New York Stock Exchange closed lower for the fourth straight session today but showed some late improvement.

The Dow Jones industrial average was down 4.56 points at 812.40, a new low for the year. Declining issues gained 1,055 to 410. Volume gained 20,050,000 shares, up from 18,290,000 shares on Monday.

Analysts related early selling to a combination of problems: a more defensive institutional position by Merrill Lynch, the United States Trust chairman's forecast of further interest rate rises over the next four to five quarters, forecasts of another prime rate rise soon, and the uncertainty about Mid-East stability.

Due to transmission difficulties the Canadian prices are not appearing.

Coffee dips to 6c limit

COPPER futures in C contract fell to the 6c limit after an early afternoon rally. The market was thin and buyers were hesitant. At the afternoon close prices had fallen further.

Dealers said the market was rather thin with buyers hesitant. At the afternoon close prices had fallen further. Spot May was £194.75 down and July had lost £158.5

